S. HRG. 99-97, PT. 1

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1986

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

NINETY-NINTH CONGRESS

FIRST SESSION

ON

H.R. 3011

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1986, AND FOR OTHER PURPOSES

PART 1—(Pages 1-1016)

Advisory Council on Historic Preservation
Congressional witnesses
Department of Energy
Department of the Interior
National Gallery of Art
Nondepartmental witnesses
Pennsylvania Avenue Development Corporation
Smithsonian Institution
Woodrow Wilson International Center for Scholars

Printed for the use of the Committee on Appropriations

U.S. GOVERNMENT PRINTING OFFICE
44-559 O WASHINGTON : 1985

S181-41

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DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1986

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

NONDEPARTMENTAL WITNESSES

[CLERK'S NOTE.—The subcommittee was unable to hold the hearings on nondepartmental witnesses, but the statements of those submitting written testimony are as follows:]

BUREAU OF LAND MANAGEMENT

STATEMENT OF PETER V. JACKSON, III, EXECUTIVE VICE PRESIDENT, SOCIETY FOR RANGE MANAGEMENT

Thank you for the opportunity to file this statement on the 1986 proposed budget.

The Society for Range Management (SRM) is interested in the public and private rangelands of the U.S. and their total capabilities for supplying resources of all kinds.

As you know, rangelands of the United States comprise over 40 percent, approximately 800 million acres, of the total land area. These rangelands provide a wealth of natural resource products and values from which millions of people derive use and benefit. The abundance of natural resources found on our rangelands and forest lands are a significant national treasure which demand wise and thoughtful stewardship in perpetuity.

SRM is a professional organization of nearly 5,500 members, international in scope, representing individuals and groups with a common interest in the study, management, and rational use of public and private rangelands and related ecosystems. Its headquarters are in Denver, Colorado. SRM membership consists of ranchers, wildlife biologists, hydrologists, range conservationists, students, teachers, businessmen and others; and, as you can see, provides the Society with expertise in all rangeland sciences and in coordinated resource planning and management. The diversity of SRM membership interests reflect the wealth and variety of rangeland values and the need for support of sustained multiple-use of these resources.

SRM is aware of the large U.S. deficit and the attempts to reduce it. Our members support these efforts. However, as professionals in range and related fields, our members strongly support continued and effective resource management as well. Under proper management and intensified efforts, these lands could increase their contributions and our members strongly support professional programs or efforts that will yield more than is now being realized, especially since the potential is so large.

SRM has a continuing interest in the budgets and activities of three specific agencies that report to you, namely, the Fish and Wildlife Service, the Forest Service and the Bureau of Land Management.

U.S. Fish and Wildlife Service

SRM is pleased to see overall, general support for this important program, even though there are substantial adjustments. SRM supports the recommended funding of the National Wildlife Refuge Fund and refuge maintenance at the 1985 level. Continuation of the Cooperative Research Units at about the 1985 level is a minimum for this effort. SRM asks that an increased amount of the Fish and Wildlife Service research funds address riparian zones and wildlife-livestock conflicts.

Considering the budget reductions in land acquisition, construction, and other items, the reduced staffing of around one percent (1%) appears reasonable. However, SRM urges that professional staffing at adequate levels continue to be given high priority and it should include some recruitment of young professionals in range and other habitat fields. This would insure experienced professionals for future habitat management.

Forest Service and Bureau of Land Management

SRM notes there is a priority given for income producing activities in both of these agencies. Although SRM is not opposed to this concept, it urges that this approach not decrease attention to basic resource management.

The Forest Service and Bureau of Land Management have for several years suffered a continuing reduction in real dollars for improved range and watershed management. This has delayed or stopped implementation of needed allotment management plans and construction of many range improvement practices. SRM asks that necessary funding be provided to insure the fragile rangelands receive proper funding to maintain this natural resource.

To assist all interested user groups and responsible agencies to reach agreement on the future treatment and management of the public rangelands, SRM asks that the Experimental Stewardship Program be continued. SRM also recommends that the grazing advisory boards be reauthorized to assure proper implementation of allotment management plans and resolution of grazing problems at the local level. To insure this, adequate funding should be provided.

SRM also has special interest in two parts of the Bureau of Land Management and Forest Service budgets. These are noxious weeds and rangeland research.

Rangeland Research

In spite of the recognized need to improve the research base for rangeland management, the funds and manpower for range research by the Forest Service has continued to erode. This decrease in funding for, and attention to, range research by the Forest Service is indicated by the fact that in 1980, there were only 14 scientist years out of 986 resource scientists devoted to range. The range resources have decreased since that time.

To assist you and others direct need attention to range problems, the Society described and prioritized rangeland research requirements in December, 1984. A copy of these and other informational materials are attached for your use.

Noxious Weeds

SRM believes that the occurrence and rapid spread of noxious weeds and other undesirable plants and animals, on both private and public lands, should be given more attention and increased funding. At the present time, undesirable plants infest more than 16 million acres and are spreading at the rate of more than 1 million acres per year. Production loss is likely to increase if aggressive, effective control measures are not taken.

Successful plant and animal control will require an adequately financed research and control program with full coordination among all affected agencies.

Range, Wildlife and Fish Habitat Research

For several years, SRM has urged that more attention to be given to range research.

Overall Comments

Staffing in the Bureau of Land Management and Forest Service needs to be given high priority. Both agencies are being reduced at a time that resource activities are increasing. SRM also believes that some recruiting and input of young professionals is needed in both agencies, if experienced personnel are to be available for future leadership positions.

SRM has not commented on all of the aspects of these agency programs, even though it is interested in them. SRM views these programs and properties as valuable assets in the total economy. Over the long run, they will more than pay their way and should not be eroded for short term objectives.

Despite the above comments on the selected items, SRM supports funding at, at least, 1985 levels for management of natural resource research and management.

STATEMENT OF JAMES D. WEAVER, TREASURER, THE PEREGRINE FUND, INC.

Mr. Chairman, my name is James D. Weaver, and I am an officer and a director of The Peregrine Fund, Inc., a nonprofit corporation for the study and preservation of falcons and other birds of prey. I am substituting today for Professor Tom Cade, who could not be here, to request continued funding in the Fish and Wildlife Service budget for the endangered species recovery programs for Peregrine Falcons in the eastern United States and in the Rocky Mountain states. The amount needed in FY-86 for the captive propagation of the Peregrine Falcon in these two regions is $300,000.

As you know, the three regional recovery programs for the Peregrine rely on captive propagation and the release of young falcons as the main methods for restoring populations in nature. These programs are headquartered at the Laboratory of Ornithology in Ithaca, NY, at the World Center for Birds of Prey in Boise, Idaho, and at the Predatory Bird Research Group, University of California, Santa Cruz. They are operated by The Peregrine Fund, Inc. in cooperation with the U. S. Fish and Wildlife Service and other federal and state agencies, as well as non-governmental organizations.

The total cost of operating these three programs in FY-85 will exceed $950,000, of which the U. S. Fish and Wildlife Service has contributed $300,000 to support captive propagation at Cornell University and at Boise, Idaho, as a consequence of the add-on appropriation approved by the Congress last year. The rest of the budget has been covered by contracts from regional offices of FWS, from other federal and state agencies, and gifts from private sources. In California, for example, the state's Resources Agency has recommended to the legislature the expenditure of $150,000 from the Environmental License Plate Funds for Peregrine recovery work on the West Coast. This is the largest single contribution so far from a state, but several other states in the West and in the East are helping with lesser amounts.

As the agency with primary responsibility for carrying out the provisions of the Endangered Species Act of 1973, the Fish and Wildlife Service has long been identified as the main funding source for captive propagation of Peregrine Falcons in the officially approved recovery plans, essential to the restoration of this species in the United States south of Canada. If funding from the Service can continue in the amount of $300,000 for FY-86, then, as in previous years, the balance of the budget for reintroduction can be put together from other federal agencies, state agencies, and other sources.

Restoration of the Peregrine Falcon in the United States continues to show excellent progress (see The Peregrine Fund Newsletter no. 12, Fall 1984). This past year saw the captive production of the largest numbers of falcons yet in our facilities--124 in the East, 113 in the Rocky Mountain program, and 86 in California. Most of these young were successfully released by hacking, fostering into wild Peregrine nests, or cross-fostering to Prairie Falcons.

The number of re-established breeding pairs in the wild also increased significantly in 1984. In the East we were able to locate 27 territory-holding pairs, of which 16 attempted to nest and succeeded in raising 30 young. This newly established eastern population is in a geometric phase of increase and has more than doubled in size every two years since 1980. Given this rate of growth, Peregrine recovery in the eastern United States has become a predictable outcome of continuing to release about 100 young birds per year. In 1986 we can expect to see 50 to 60 pairs, in 1988, 100 to 120 pairs, and in 1989 we will have reached the goal originally established in the Eastern Peregrine Falcon Recovery Plan--half the number of pairs estimated to have existed east of the Mississippi River prior to the DDT-induced decline, or about 175 pairs. Similar, though less precise, predictions can be made for the Rocky Mountain states and the West Coast.

STATEMENT OF JACK A. BARNETT, EXECUTIVE DIRECTOR, COLORADO RIVER BASIN SALINITY CONTROL FORUM

Requesting additional funds over and above the 1985 budget request by the President for Bureau of Land Management Renewable Resource Management activities, particularly with respect to the subactivities under the classification of Soil, Water and Air Management. Funds requested, $16,544,000; funds identified in the President's budget, $13,640,000. Also requesting $331,000 for the start of the Sinbad Valley salinity control unit, for non-point source on-land salinity control opportunities and for planning and reporting as directed by Congress in 1984.

****

The waters of the Colorado River system serve some 17 million people and irrigate about 1.6 million acres in the seven Colorado River Basin states. The river also provides domestic and irrigation water to Mexico. Salinity has long been recognized as one of the major problems in the river. California users, situated at the lower end of the river system, presently suffer significant adverse impacts due to the river's salinity. It has been estimated that salinity damages currently amount to $100 million a year. Without salinity control measures, the river's salinity is projected to increase, further impairing the usefulness of this water supply, and the economic damages suffered by water users are expected to double by the turn of the century.

The Basin states concerns with the river's increasing salinity led them to create the Colorado River Basin Salinity Control Forum in 1973. The Forum, whose members are appointed by the governors of the respective states, developed a salinity control policy that calls for maintaining salinity concentrations at or below those levels found in the lower river in 1972 while the Basin states continue to develop their compact apportioned waters. The Forum has a continuing responsibility to see that a salinity control plan is implemented to meet the policy objectives.

In 1974, after discussion between the federal government, the Republic of Mexico, and the seven Colorado River Basin states, Congress enacted the Forum sponsored Colorado River Basin Salinity Control Act (P.L. 93-320). Title I of the Act established a program to reduce the concentration of salts in the Colorado River below Imperial Dam, the last diversion point in the United States, so that the United States could honor its commitments to Mexico. In Title II, the Act established a program which allowed the states and the federal government to work together to prevent salinity increases in the Colorado River above Imperial Dam, benefiting users in the United States as well as Mexico. The 1974 Act also created a Colorado River Basin Salinity Control Advisory Council, composed of governor appointed representatives of the Basin states, to advise the Secretaries of the interior and Agriculture and the Administrator of the Environmental Protection Agency as to needed annual adjustments to the salinity control effort.

In 1984, Congress enacted much needed amendments to the 1974 Act that were advanced by the Forum. The amendments, Public Law 98-569, authorized additional activities for the Departments of the Interior and Agriculture that are needed in order to meet the objectives of the Act. In recognition of the vast amount of Federal land within the basin, managed by the Bureau of Land Management (BLM) the Congress assigned certain responsibilities. This included a requirement that an appraisal of the amount of salt being contributed to the river by BLM managed lands, with a report due back to the Congress by July 1, 1987.

Salinity is one of the major problems in the Colorado River system. It is imperative that the salinity control activities of the BLM not be curtailed and that adequate funding be appropriated in 1986 so that the Congressionally directed salinity objectives can be achieved. Therefore, we request that the funds for the BLM as identified in the opening paragraph of this statement be appropriated by the Congress.

STATEMENT OF THE AMERICAN PETROLEUM INSTITUTE

The American Petroleum Institute (API), is an industry trade association composed of more than 230 companies of all sizes and 6,000 individuals involved in all phases of the petroleum industry. We appreciate the opportunity to submit our comments for the record on appropriations for resource management activities of the Department of the Interior and related agencies.

API urges the Subcommittee not to extend into Fiscal Year 1986 the current moratorium on mineral leasing and related activities that is contained in the present law. That moratorium applies to several categories of federal lands under study for possible inclusion in the National Wilderness Preservation System. Such a moratorium already has been in effect for three years for most of the lands in question.

The petroleum industry recognizes the serious responsibility which Congress and the admininistration share in managing the nation's public lands to achieve maxiumum benefits for all Americans. The present moratorium, however, undercuts that goal and threatens the ability of this nation to find and produce a host of minerals -- including crude oil and natural gas --

critical to the military and economic security of the United States. The moratorium:

- prevents the timely inventory of the minerals under those lands;
- restrains timely discovery and production of oil and gas;
- increases our dependence on insecure foreign energy sources; and
- fails to take into account the environmental safeguards of industry's state-of-the-art exploratory and development operations.

Within the next decade, this nation must find some 32 billion barrels of oil -- more than 8 1/2 million barrels a day -- just to replace the oil we will be taking from our domestic reservoirs. We expect that a significant amount of that oil will be found under federal lands now under wilderness study. Whether this expectation becomes a reality depends -- in large measure -- on decisions by this Subcommittee and Congress.

Oil companies cannot find domestic oil if they are not allowed to look for it. And they certainly cannot produce oil they have not found. That is why our member companies need the opportunity to evaluate these lands.

Federal lands -- which include some 720 million acres, nearly a third of the entire U.S. land mass -- contain some 25 to 85 percent of the various energy resources yet to be found and developed here, according to government sources.

To define that more specifically, the U.S. Department of Energy and the U.S. Geological Survey (USGS) have estimated that federal lands in the lower-48 states may contain as much as:

- 30 percent of this nation's undiscovered crude oil;
- 25 percent of its undiscovered natural gas;
- 40 percent of its uranium;
- 35 percent of its coal resources;
- 80 percent of its oil shale;
- 85 percent of its tar sands; and
- 50 percent of its geothermal resources.*

The USGS has further estimated that from 50 to 70 percent of the undiscovered oil and natural gas in the Rocky Mountains (overthrust belt), the Colorado Plateau and Basin and the Northern Great Plains is on federal lands. Emphasizing this point, a 1984 report of the Congressional Research Service entitled "Domestic Crude Oil Production Projected to the Year 2000 on the Basis of Resource Capability" projected a 17 percent decline in U.S. crude oil production by the year 2000. It predicted further that there would be declines in all U.S. regions except the Rocky Mountain and Northern Great Plains regions.

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* Source: U.S. Department of Energy, Securing America's Future Energy: The National Energy Poilcy Plan, a Report to the Congress required by Title VIII of the DOE Organization Act (P.L. 95-91) (Wash., DC July 1, 1981, p. 1) and U.S. Department of the Interior, Estimates of Undiscovered Recoverable Conventional Resources of Oil and Gas in the United States, Geological Survey Circular 860 (Reston, Virginia, 1981 p. 80).

Moreover, the report goes on to state:

> The discovery experience in the near future in the Rocky Mountains and Northern Great Plains is an important indicator of the trend of future domestic oil production. This area must experience significant discoveries for the scenario to be accurate.

In other words, the decline will be much greater if we cannot explore those areas to find the resources essential to increased production. Therein lies the problem with the present moratorium -- it prohibits the very exploration which the Congressional Research Service asserts must be carried out.

Unfortunately, some people are convinced by the present surplus of oil on the world market that future domestic energy production can be discouraged without cost to society. Rather than encouraging the development of future U.S. energy production, we find that many policies are being considered -- and too often applied -- which restrict such development. There is too little recognition that America is now importing much of the oil it is using...and that oil imports continue to grow with significant attendant balance of payments problems. In 1984, we imported nearly one-third of the oil we used -- about the same amount we were importing when the 1973-74 Arab oil embargo was imposed.

Moreover, too few Americans are thinking realistically about a future in which more domestic oil might be needed and less might be available. Indeed, there is a tendency not to look beyond the most recent price cut by the OPEC cartel.

The cost to the United States of such shortsightedness could be severe indeed. It takes several years to evaluate prospective onshore lands before making the decision to acquire the leases if they are available. To this must be added the lead time between initial discovery and first production which, in some areas, is estimated to be eight to ten years. Once found, most oil reservoirs yield production for a decade or longer. Many, however, have far shorter productive lives. Thus, oil found in the years immediately ahead holds the key to our energy supplies for the 1990s and beyond. That's why it's so important that we begin now to look for and develop those reservoirs.

A major stumbling block to that development is the current moratorium affecting millions of acres of federal lands under study for possible inclusion in the National Wilderness Preservation System (NWPS).

NWPS presently includes almost 89 million acres. Effective January 1, 1984, all of these congressionally designated wilderness lands were closed by law to oil, gas and other mineral leasing. We recognize and agree that these 89 million acres in the NWPS are off-limits to mineral exploration.

However, we do not agree that the present moratorium on petroleum and mineral exploration should be applied to the 35 million acres of lands being studied for possible inclusion in NWPS. If this is done, Congress will have little information on the resources of some:

- 2.5 million acres of forest lands recommended for wilderness under the second Roadless Area Review and Evaluation (RARE II);
- 9.3 million acres of RARE II lands under study for wilderness and congressionally designated wilderness study areas; and
- 22.8 million acres of Bureau of Land Management (BLM) study areas.

We firmly believe that Congress can make enlightened decisions on the disposition of federal lands, but only if it has comprehensive and accurate information on the resources of the area. This information cannot be acquired under the moratorium. Thus, the Congress will be forced to "legislate in the dark" -- with little or no understanding of the area's subsurface resources -- when it votes on additions to the National Wilderness Preservation System. Appropriate information on subsurface oil and gas resources can be obtained through various means which too often have been prohibited in the past.

The truth is that we do not know the extent and location of the mineral assets that have already been locked away in the wilderness and we may *never* know.

One provision of the FY 1985 Continuing Resolution for the Department of Interior appropriations permits the issuance of oil and gas leases for the subsurface strata of lands in wilderness study areas "adjacent to producing oil and gas fields or areas that are prospectively valuable." However, surface occupancy of such leases is prohibited. Exploration can occur "only by directional drilling from outside the wilderness study area or *other nonsurface disturbing methods*." In most areas directional drilling is not only very limited in its range, it simply is not feasible, due largely to the extremely complex geology involved.

Further, the Wilderness Act states that those lands are to be without mineral development activity, permanent habitation or improvement only *after* they have been Congressionally designated wilderness and the designation has been signed by the President. The current moratorium contravenes the intent of the Wilderness Act by closing wilderness study areas to mineral development *before* they are designated wilderness. This is especially difficult to understand, since some lands now in the wilderness system were used for various purposes -- including oil and gas operations -- *before* they became part of that system.

The principal reason for congressional action in imposing the moratorium is concern for the existing environment within study areas. The oil industry shares that concern and a careful and dispassionate examination of modern exploratory activity shows that we do. Millions of barrels of oil are being produced daily in sensitive environments in the United States -- and they are being produced safely, with full consideration for environmental protection even in that most sensitive environment of the tundra of the North Slope of Alaska.

It appears some of those who would preclude any operations on wilderness study areas simply do not understand that petroleum activities can be and are being responsibly conducted with environmental concern. Moreover, petroleum exploration and production are only *temporary* intrusions on the environment. The amount of acreage involved in drilling an exploratory well is small...normally no more than two to five acres. And even that acreage will be used only if seismic and other data indicate that drilling such a well is warranted.

Even after the drilling of an exploratory well has begun, there is no guarantee that oil and gas will be found. Indeed, in a new-field wildcat area -- so typical of much of the current wilderness study areas -- the odds are great that drilling will not prove commercially successful and the area can be quickly returned to normal.

Drilling statistics from 1983 -- the latest available -- clearly demonstrate this point. That year, there were 6,487 new-field wildcat wells drilled in the United States. Of these, 560 found oil, 578 found natural gas and 5,439 were dry holes.

Yet, even where drilling proves successful and commercially producible amounts of oil and gas are found, petroleum operations will be conducted only for so long as the field remains productive. Within a period ranging from 20-30 years, most fields are depleted of their recoverable oil and gas and the land is reclaimed.

Where drilling occurs, experience has shown that petroleum development need not destroy the long-term "wilderness" value of the land from a standpoint of future generations. In the Palisades area of the western overthrust belt, for example, an oil company leased a site shortly before it was designated a potential wilderness. After drilling, the company worked with Forest Service experts to reclaim the site. The only indication today that any drilling activity occurred is lush grass which has covered the site.

While environmental concern is a matter of great importance to the industry, so is the matter of time. It was mentioned earlier that it takes many years to lease, adequately explore and place into production commercial deposits of oil or gas. Delays created by the years of debate over wilderness lands have already seriously retarded the industry's efforts to find and develop secure supplies of domestic petroleum.

Further delays -- such as those that would be occasioned by extension of the present moratorium -- will result in increasing our reliance on imported oil, adding to the outflow of dollars in payments for that oil and threatening the future energy securit of this nation and its people.

In conclusion, we oppose continuing the moratorium on thos lands. We hope the members of this Subcommittee will conside our comments, which we sincerely believe are in the long-ru interest of this nation.

FISH AND WILDLIFE SERVICE

STATEMENT OF IRWIN M. ALPERIN, EXECUTIVE DIRECTOR, ATLANTIC STATES MARINE FISHERIES COMMISSION; LAWRENCE D. SIX, EXECUTIVE DIRECTOR, PACIFIC MARINE FISHERIES COMMISSION; AND LARRY B. SIMPSON, EXECUTIVE DIRECTOR, GULF STATES MARINE FISHERIES COMMISSION

The Atlantic States, Gulf States and Pacific Marine Fisheries Commissions, representing all of the coastal states, object to the proposed termination of the Anadromous Fish grant program in the FY 1986 budget of the Fish and Wildlife Service. We recommend appropriations of $3.5 million for Section 4 and $0.5 million for Section 7 (striped bass) of the Anadromous Fish Conservation Act (P.L. 89-304), approximately the amounts appropriated in FY 1985.

We also recommend that the Federal Aid in Fish Restoration Program (Wallop-Breaux Fund) be fully funded as Congress intended. The Administration has not requested funding except for a very small portion, and we feel strongly that this is a betrayal of a long-standing commitment to this user-fee based program.

P.L. 89-304, Anadromous Fish Conservation Act
One rationale provided by the Administration for termination of this cost-sharing program is that the recently expanded Federal Aid in Fish Restoration Program, or Wallop-Breaux Fund, will be able to accomplish the work previously carried out under the Anadromous Fish Act. This is an erroneous assumption for several reasons:

1. Wallop-Breaux funds must be directed toward recreational fishing projects. Anadromous fish are generally the target of both recreational and commercial fisheries. All species of Pacific salmon, for example, support large commercial fisheries. Three of the five species (pink, sockeye, chum) are almost purely commercial.

2. Anadromous Fish Act funds are derived from federal revenues and are directed at projects which meet federal priorities. Wallop-Breaux funds are user fees distributed back to the States to address State priorities.

3. Only States are eligible to receive Wallop-Breaux grants, whereas Anadromous Fish grants have been given to States, Indian tribes, universities and non-profit organizations. This flexibility should be retained.

4. Anadromous fish in particular are interjurisdictional (ranging between many States and federal waters). They are so important to the Nation in terms of commercial and recreational value and many stocks are at such low levels due to overfishing and environmental effects, that a national program targeted at these stocks is justified and essential.

The irony of the situation is that the Administration proposes to impound all except a small part of the new Wallop-Breaux user fee revenues in order to help reduce General Treasury deficits.

The Administration has stated that the 89-304 program is no longer necessary because its objectives have been met and because the States are the primary beneficiaries of the cost-sharing system. This is a transparent attempt to justify an illogical reduction and the reasoning is simply not correct.

We believe strongly that the Anadromous Fish Act program is essential to meet Federal and State fishery management objectives. The Federal government should uphold its part of this cost-sharing program for the following reasons:

1. The objectives of the Act and the benefits that flow from it are ongoing. All anadromous fisheries are interjurisdictional in nature and of particular importance to the Nation. Management of species of fish

that migrate across State, Federal, and international jurisdictions is a difficult problem that requires careful interstate and Federal coordination. The Act authorizes the Secretaries of the Interior and Commerce to enter into cooperative agreements with States and other non-Federal entitites for cost-sharing projects designed to carry out the objectives of the Act. The migratory nature of anadromous species of fish is not a temporary condition. The need for coordination and cooperation will always exist, and it cannot be carried out by individual states or corporations by themselves.

2. In this regard, the States already bear a considerable proportion of the costs of these projects. For example, the Pacific States including Alaska support approximately 75% of the total cost of salmon fishery data collection - data that are a vital part of the Federally implemented Fishery Management Plan for Pacific Salmon. Nationwide, approximately 50% of the costs of such projects has been borne by the recipients. This cost-sharing program provides a lot of needed information with relatively few Federal dollars.

3. The states are not the sole beneficiaries of these cost-sharing projects. These fisheries provide benefits to the entire coast, and to the Nation in the form of vital economic activity as well as food. Also, a large proportion of the fishery monitoring, data collection, and research derived from 89-304 projects serves a direct and important role in Federal programs. These projects provide the basic foundation for fishery management planning under the Regional Fishery Management Councils (established for the U.S. 200-mile fishery conservation zone) and the Interstate Marine Fisheries Commissions, and for decisions that affect the livelihood of thousands of people. They cannot be interrupted without serious economic and biological consequences.

Section 7 of P.L. 89-304: Emergency Striped Bass Study

The Commissions are deeply concerned about the status of the anadromous striped bass resource, which has suffered a catastrophic decline. Section 7 funding has played a very important role for the last several years in developing the research base, collecting fishery data, and initiating successful cooperative management programs for this species. The Administration's budget for the Fish and Wildlife Service requests no funds for Section 7 or any other section of the Act. We strongly urge that funding be continued at a level of $500,000 for support of this program.

We sincerely hope that your Subcommittee will act to assure the continuity of these programs that are so vital to the States, the Nation's fisheries resources, and the recreational and commercial industries that are dependent on the resources' continued well-being.

Thank you for your consideration of these urgent matters.

STATEMENT OF NORVILLE S. PROSSER, VICE PRESIDENT, SPORT FISHING INSTITUTE

This correspondence contains the Sport Fishing Institute's recommendations regarding the fiscal 1986 appropriations request for the U.S. Fish and Wildlife Service.

The renewable fishery resources of our nation are a splendid natural wealth held in trust for the American people by government -- federal or state, depending upon jurisdiction. These common property fishery resources provide food and enjoyment for the nation's growing army of sport fishermen. In fact, sport fishing is a favorite outdoor recreational activity enjoyed by approximately 60 million Americans each year. In addition to providing a healthful food supply and source of outdoor family recreation, sport fishing has resulted in the development in this country of a large sport fishing industry; an industry valued, in 1980, at $17.3 billion based on retail expenditures alone.

By statute, the U.S. Department of Interior's Fish and Wildlife Service (FWS) is one of the federal government's chief sport fishery advocates. The FWS mission statement, as contained in the Fish and Wildlife Act of 1956 (P.L. 84-1024) reads in part as follows:

> "...to accomplish the objective of proper resource development, and that such sections [of the Act] shall be administered with due regard to the inherent right of every citizen and resident of the United States to engage in fishing for his own pleasure, enjoyment and betterment, and with the interest of maintaining and increasing the public opportunity for recreational use of our fish and wildlife resources..."

This statutory objective identified for the FWS is important to note, because the language clearly reflects that Congress intended for the FWS to help increase recreational fishing opportunities. Federal fishery responsibilities have been subjected to recent critical review within the FWS and the record reflects that the agency has steadily reduced its role in the sport fisheries arena in the last several years.

The continued erosion of fishery programs within the FWS as proposed in the fiscal 1986 budget request, cannot be endorsed by the Sport Fishing Institute. Fisheries Resources currently receives only 24 percent of the combined Fisheries and Wildlife Resources program appropriations. We ask your consideration of the following specific requests with regard to the Administration's fiscal 1986 appropriations requests for the FWS.

Sport Fish Restoration Program (Wallop-Breaux Fund)

As representatives for an industry that actively participates in the cooperative Sport Fish Restoration Program (Wallop-Breaux), a program of supplemental fish restoration funding to the states, we oppose in the strongest possible terms the Administration's proposal to withhold major portions of the Program's recently expanded funding base. A drastically-needed expansion of state fishery restoration work was authorized last year by Congress and signed by the President as part of the 1984 Deficit Reduction Act (P.L. 98-369). Funds deposited into the new Wallop-Breaux Trust Fund are derived from various taxes paid by anglers and boaters for goods used by this group in their pursuit of boating and fishing enjoyment. The newly expanded program distributes these user-fees to the states, territories and the District of Columbia for fishing and boating program development and constitutes a classic and successful cooperative conservation program based on the user-pay principle.

We ask your assistance to block the misguided efforts on the part of the Administration to amend the Sport Fish Restoration Act so as to require that Wallop-Breaux Trust Fund expenditures are subject to annual appropriations. Such action would severely handicap the states' continuing efforts to meet the fishing opportunity needs of the public and would betray the public that supported self-taxation for program expansion only last year.

Fishery Resources/Refuge Operations and Maintenance

In January 1984, the FWS's Regional Directors were directed to provide enhanced fishing opportunities on the 12 million acres of water contained within the National Refuge System. Such development was to proceed subject to the compatibility tests outlined in the Refuge Recreation Act of 1962 (P.L. 87-714). The enhancement of recreational fishing opportunities on refuges, when compatible with other uses, has been vigorously sought by the Sport Fishing Institute for several years.

Considering the justified, new emphasis on recreational fishing on refuges, and in recognition of the demand for fishing on refuges (4.6 million fishing visits in 1983 which was second only to interpretive visits), greater funding should be provided for this initiative. The FWS's budget request for fiscal 1986 is for $2.146 million. Approximately $2.0 million of this total is dedicated to Alaska's refuges. Some 185 refuges located in the lower 48 states offer fishing opportunities according to the FWS. It seems less than adequate to the Sport Fishing Institute to spend only $146,000 on this worthwhile program in the lower 48 states. Funding is not available for the expanded refuge/fishery work in the Fishery Resources

Population Management (Technical Assistance) budget, which reflects a request for $1.7 million (a decrease of $32 thousand from the 1985 appropriation).

Development of fishery management plans for those refuges possessing important fishing opportunities should be expedited, and fishery management should proceed in an orderly and timely fashion. A minimum additional appropriation of $1.0 million for further plan formulation and to begin to manage these refuge-related fisheries programs in the lower 48 states is requested.

With regard to related FWS internal policy, responsibility for fishery management on refuges should be vested with the FWS's Associate Director for Fisheries. Fisheries management on refuges should proceed in close cooperation with Wildlife Resources personnel to the degree that such development is compatible with, and will not prevent accomplishment of, the primary purposes for which such refuges were established.

Great Lakes Fishery Laboratory

The Great Lakes Fishery Laboratory (GLFL) is pivitol to the interstate and international management of Great Lakes sport fisheries. The sport fisheries of the Great Lakes, which generated sport fishing expenditures of more than $2 billion in 1980, are dependent on stock assessments and other studies made by the GLFC. The Sport Fishing Institute opposes four programmatic cuts scheduled for the GLFC in fiscal 1986:

1. Biological factors limiting lake trout rehabilitation in the Great Lakes ($280K/3.0 FTE)

2. Fish population assessment and dynamics (RA) status, performance, and interagency coordinated management of fishery resources of Lake Erie ($280K/0.0 FTE)

3. Spawning and nursery areas as factors limiting lake trout rehabilitation in the Great Lakes ($190K/2 FTE)

4. Development of forensic techniques for identification of lake trout strain, origin, and time of capture ($150K/2 FTE)

These cuts, which total $900K and 7 FTEs should be rejected.

Anadromous Fish Grants

Public Law 89-304, the Anadromous Fish Conservation Act was created to offer federal assistance (cost-sharing) to conserve, develop and enhance the nation's anadromous fishery resources. Since first funded in fiscal 1967, less than $51 million has been appropriated to the FWS for this program. However, the resulting benefits have been enormous. In fact, the FWS estimates the total annual economic benefits of their Anadromous Fish Grants program at $81 million. Thus, the national benefit in one year exceeds the total federal investment since passage of the legislation.

The interjurisdictional, transboundary fish stocks commonly addressed by Anadromous Fish Grants are essentially identical in character to the transboundary waterfowl populations of domestic (non-treaty) production that receive great attention and funding support from the FWS. Both fish and wildlife shared stocks (transboundary) are legitimate concerns for federal involvement in cooperation with the states. The cooperative Anadromous Fish Grants program has a proven record of benefits far exceeding federal investments. In fact, interstate commerce engendered by Great Lakes and coastal anadromous sport fisheries which have benefitted from this program, would alone warrant continuation of this program.

The Sport Fishing Institute recommends continuation of the successful Anadromous Fish Grants program in FY 1986 at FY 1985 levels.

Mr. Chairman, we ask you to carefully consider these recommended changes to the FWS fiscal 1986 appropriations legislation. We also ask that this statement be made a part of the formal record of your deliberations.

STATEMENT OF KATHRYN TOLLERTON, WASHINGTON REPRESENTATIVE FOR WILDLIFE REFUGES, DEFENDERS OF WILDLIFE

On behalf of the 65,000 members of Defenders of Wildlife, I thank you for the opportunity to present testimony on the programs of the Fish and Wildlife Service for Fiscal Year 1986. My testimony will address funding for the National Wildlife Refuge System, the Cooperative Fish and Wildlife Units, and the Circular A-76 Review. Our recommendations are as follows:

FISCAL YEAR 1986 RECOMMENDATIONS
($ millions)

FY86 PROGRAM BUDGET	DEFENDERS	FY86 BUDGET
1. Land and Water Conservation Fund National Wildlife Refuges	$89.75	0
2. Migratory Bird Conservation Account loan advance appropriation	15.75	0
3. Cooperative Fish and Wildlife Units	4.679	4.624

1. The Land and Water Conservation Fund

Mr. Chairman, Defenders has joined with other environmental organizations in developing THE CONSERVATION ALTERNATIVE FOR FISCAL YEAR 1986. Our request for $89.75 million in National Wildlife Refuge System (NWRS) acquisition is based on:

a) Court awards already existing or anticipated for which the federal government has an obligation to compensate landowners.

b) A serious threat to lands, waters, and/or wildlife.

c) A likelihood of willing sellers and/or hardships to landowners.

d) An active land acquisition program designed to complete a project within a certain time.

A full list of the recommended refuge land acquisitions is attached to the written text of this testimony.

We are deeply appreciative of the strong and continuing support which this Committee has given to the National Wildlife Refuge System and are particularly grateful for your decisions to continue funding land acquisition for the refuge system during the early years of the current Administration when Secretary Watt was opposing land acquisition funding and actively exploring the disestablishment of many national wildlife refuges.

Our nation has lost approximately 9 million acres of wetlands in the 20-year period from the mid 1950's through the mid-1970's. Each year we lose approximately 450,000 acres of wetlands to land erosion and agricultural, residential, commercial, and industrial development. At this rate, we will lose approximately 1.4 million acres of wetlands over the next three years. These losses are rapidly eliminating our ability to acquire and preserve habitat for migratory waterfowl, endangered species, and other wildlife. For these reasons we do not think the American people or the wildlife which depend upon the refuge habitat for breeding, nesting, feeding, and overflight stops can afford the three-year moratorium on land acquisition for the refuge system which the Administration has proposed for FY86 through FY88. To cite two examples: endangered species such as the bald eagle need the habitat at Bear Valley NWR, Oregon; in the Lower Rio Grande Valley NWR, Texas, further acquisition is urgently needed to obtain and protect the last natural habitat of in the United States of the endangered ocelot and the endangered jaguarundi.

These are stressful times for many Americans. The refuges offer many opportunities, free of charge, for recreation and relief from the tensions of daily life. The Fish and Wildlife Service has estimated that over 31 million Americans will visit the national wildlife refuges during this fiscal year. Most will be going to observe wildlife and to take auto tours, visit exhibits, or hike on the wildlife trails. Such visits lift the spirits, remind us of our rich natural heritage, educate young and old in the principles of ecology, and help to relieve the stresses of a high-pressure urban society.

Mr. Chairman, the appropriation of more than $60 million from the Land and Water Conservation Fund in FY85 was an important highwater mark. We understannad that the unspent funds in the Land and Water Conservation Fund Account in the U.S. Treasury now exceed $4 billion. We urge you to appropriate funds from this account for refuge acquisition in FY86.

2. The Migratory Bird Conservation Account

We recommend $15.75 million in advance appropriations from the Migratory Bird Conservation Account. We recommend that this advance be used to continue acquisition of the wetlands at the Anderson-Tully site in Landerdale County, Tennessee, and Mississippi County, Arkansas ($10 million); at Blackwater NWR, Maryland ($0.5 million); at Red Rocks Lake NWR, Montana ($2.1 million); and at Humboldt Bay NWR, California ($3.15 million). These four projects would total about $15.75 million and could be absorbed within the approximately $24 million loan authorization balance remaining in the Wetlands Loan Fund.

3. Cooperative Fish and Wildlife Units

We recommend $4,679,000 for the Cooperative Research Unit Program, which supports cooperative research and training programs between the Fish and Wildlife Service, the states, universities, and private organizations. Thanks to the efforts of this Committee and the Congress, the Cooperative Research Units have survived Administration efforts to eliminate the program. The units, with and through state and university cooperation, are carrying out research on such topics as wetland preservation and Canada geese that is important to the Fish and Wildlife Service as well as to the states and universities in which they operate. The research program trains fishery and wildlife biologists and provides technical expertise to the program's cooperators. These units are frequently catalysts for assembling research teams to undertake research on fish and wildlife problems for cooperating agencies. Research results are actively used in managing fish and wildlife resources throughout the country.

4. Circular A-76 Reviews

Last year Public Law 98-540 was passed, forbidding the application of the A-76 reviews to commercial activities that involved 10 or fewer Full Time Equivalents (FTEs) in the Fish and

Wildlife Service, the National Park Service, and the Bureau of Land Management. However, we understand that the Administration may recommend repeal of this statute. No National Wildlife Refuges have more than 10 employees involved in commercial activities. We oppose repeal of PL98-540 and urge you to reject any such recommendation by the Administration.

Mr. Chairman, the National Wildlife Refuge System is a model for the rest of the world. We believe that the value of this program far exceeds its cost. The refuge system constitutes a recognition by the people of this nation that humankind cannot survive and prosper unless we preserve places for other creatures to dwell in peace. All life on earth, including human life, is ultimately interdependent. It is very much in our national interest to preserve both the species and environments to which we as fellow creatures are intimately related in the seamless web of life.

In closing, Mr. Chairman, we want to thank you for the many important refuge provisions -- including generous funding for refuge land acquisition and the ban on the deer hunt at Loxahatchee NWR, to name two examples -- that you included in the FY85 Interior Appropriations Bill. All the members of Defenders of Wildlife appreciate and are grateful for the strong commitment with which this Committee addresses the environmental problems of our nation. Thank you for the opportunity to testify.

LIST OF FY1986 LAND ACQUISITIONS
FISH AND WILDLIFE SERVICE
NATIONAL WILDLIFE REFUGES
(MILLIONS OF DOLLARS)

1.	Bear Valley NWR, OR	$ .25
2.	Blunt-Nosed Leopard Lizard, CA	3.2
3.	Bogue Chitto NWR, LA	.5
4.	Bon Secour NWR, AL	4.0
5.	Cape Charles NWR, VA	1.9
6.	Cedar Keys NWR, FL	.5
7.	Coachella Valley Fringed-toed Lizard, CA	5.0
8.	Connecticut Coastal NWR, CT	1.0
9.	Fakahatchee Strand NWR, FL	6.0
10.	Fox River NWR, WI	.25
11.	Great Dismal Swamp NWR, VA	1.75
12.	Great Swamp NWR, NJ	1.85
13.	Hawaiian Forest Birds	7.0
14.	Kofa NWR, AZ	.35
15.	Lower Rio Grande Valley NWR, TX	15.0
16.	Lower Suwannee NWR, FL	4.0
17.	Minnesota Valley NWR, MN	7.5
18.	National Elk NWR, WY	1.4
19.	National Key Deer NWR, FL	2.0
20.	Pahranagat Roundtail Chub, NV	.25
21.	San Francisco Bay NWR, CA	1.5
22.	San Pedro River, AZ	10.0
23.	Tensas River NWR, LA	3.0
24.	Tinicum National Environmental Center, PA	1.9
25.	Trempeauleau NWR, WI	.25
26.	Trustom Pond NWR, RI	1.5
27.	Wertheim NWR, NY	.9
28.	Willapa NWR, WA	3.5
	Acquisition Management	2.5
	Inholding Account	1.0
	TOTAL	89.75

Statement of John M. Fitzgerald, Washington Representative, Endangered Wildlife Program, Defenders of Wildlife

MR. CHAIRMAN, I AM JOHN FITZGERALD, WASHINGTON REPRESENTATIVE OF THE ENDANGERED WILDLIFE PROGRAM OF DEFENDERS OF WILDLIFE. I WISH TO THANK YOU AND THE SUBCOMMITTEE ON BEHALF OF DEFENDERS OF WILDLIFE AND ITS 65,000 MEMBERS FOR THE OPPORTUNITY TO TESTIFY BEFORE THE SUBCOMMITTEE ON THE SUBJECT OF ENDANGERED SPECIES PROGRAMS. MY TESTIMONY WILL COVER THE FISH AND WILDLIFE SERVICE; ITS OFFICE OF ENDANGERED SPECIES, AND, BRIEFLY, THE ENDANGERED SPECIES PROGRAMS OF THE BUREAU OF LAND MANAGEMENT, AND THE FOREST SERVICE. THE ENDANGERED SPECIES ACT IS EXPECTED TO BE REAUTHORIZED BY SEPTEMBER 30 OF THIS YEAR AND IN THE PROCESS WE EXPECTED THAT THE AUTHORIZATION CEILINGS WILL BE RAISED. IF THE CEILINGS ARE NOT SUFFICIENT TO ACCOMODATE THE AMOUNTS RECOMMENDED, OR IF THE SUBCOMMITTEE WISHES TO REPORT A SMALLER FIGURE FOR ANY OTHER REASON, THEN WE RECOMMEND THAT YOU INCLUDE AN INCREASE IN FUNDING IN EACH CATAGORY IN AN AMOUNT PROPORTIONATE TO THE INCREASES WE RECOMMEND HERE. THE AMOUNTS REQUESTED ARE SUMMARIZED AS FOLLOWS:

	Defenders Recom.	Admin. Budget Est.
Listing	10,750,000	2,924,000
Law Enforcement	8,363,000	7,341,000
Consultation	3,900,000	2,552,000
Recovery	15,500,000	5,869,000
Research	5,200,000	4,252,000
Cooperation with States	25,700,000	3,920,000
Total FWS End. Species:	68,913,000	26,858,000
Forest Service	+ 2,000,000	(not segregated)
Bureau of Land Mgt.	+ 1,050,000	"

THE ENDANGERED SPECIES ACT, AS MUCH AS ANY OTHER LEGISLATION, SYMBOLIZES THIS COUNTRY'S COMMITMENT TO A HEALTHY AND PLENTIFUL ENVIRONMENT IN WHICH ALL LIVINGS THINGS HAVE A PART TO PLAY THAT IS BENEFICIAL TO MANKIND AND WORTHY IN ITS OWN RIGHT.

WE URGE TODAY THAT IN ORDER TO LIVE UP TO THE PROMISE OF THE ACT, WE MUST ENHANCE THE APPROPRIATIONS FOR ENDANGERED SPECIES PROGRAMS, AND PARTICULARLY FOR THE THREE AREAS OF LISTING SPECIES AS ENDANGERED, FEDERAL RECOVERY ACTION, AND COOPERATIVE WORK WITH THE STATES. THIS SUBCOMMITTEE HAS BEEN CONSCIENTIOUS CONCERNING APPROPRIATIONS FOR THE ACT IN THE PAST, BUT A THOROUGH REVIEW OF THE PROGRAM REVEALS THAT SUBSTANTIAL INCREASES ARE NEEDED TO PREVENT FURTHER LOSS OF ENDANGERED WILDLIFE AND TO BEGIN RECOVERY FOR MORE THAN JUST A FEW SPECIES.

THE ACT WORKS BY PROVIDING THAT SPECIES IN DANGER OF EXTINCTION SHALL BE LISTED AS ENDANGERED OR THREATENED DEPENDING ON THE DEGREE OF THREAT THAT THEY FACE. THE FWS IS THEN TO IMPLEMENT A RECOVERY PLAN AND INFORM ANY FEDERAL AGENCY OF ANY PROPOSED AGENCY ACTION THAT MAY JEOPARDIZE THE SPECIES OR ITS HABITAT AFTER CONSULTING WITH THE ACTION AGENCY. THE DEPARTMENT OF THE INTERIOR ALSO ENFORCES THE ACT'S PROHIBITIONS AGAINST ANY PERSON TAKING OR TRADING IN LISTED SPECIES.

THERE ARE NEARLY FOUR THOUSAND SPECIES OF PLANTS AND ANIMALS THAT ARE CANDIDATES FOR LISTING. UNTIL THEY ARE REVIEWED AND LISTED, THEY ARE UNPROTECTED BY THE ACT. THE TERMS OF THE ACT ENVISION THAT GIVEN THE DATA REQUIRED, QUALIFIED CANDIDATES BE LISTED GENERALLY IN ABOUT TWO YEARS. THE CONGRESS HAS WISELY PROVIDED THIS GENERAL TIMETABLE BECAUSE WE HAVE SEEN OVER AND OVER AGAIN WILDLIFE SPECIES DECLINE RAPIDLY TO EITHER EXTINCTION OR A POINT WHERE RECOVERY IS EXTREMELY EXPENSIVE AND DOES NOT ALLOW FOR ANY SUBSTANTIAL CONFLICT WITH HUMANS. TO ALLOW THAT TO HAPPEN DOES NOT MAKE ECONOMIC, BIOLOGICAL, OR POLITICAL SENSE.

TO PREVENT THAT, WE MUST PROVIDE THE RESOURCES TO SURVEY THE STATUS OF THE CANDIDATES AND LIST THOSE THAT ARE ENDANGERED. IN 1984 THE SERVICE ALREADY HAD INFORMATION SUFFICIENT TO WARRANT THE LISTING OF 1019 CANDIDATES. TO LIST THOSE SPECIES IN EVEN TEN YEARS, IT WILL COST APPROXIMATELY $5.75 MILLION A YEAR AT CURRENT RATES. TO DO THE STATUS WORK AND LIST EVEN A PORTION OF THE REMAINING 2711 CANDIDATES, PRESUMING ONLY SOME ARE FOUND TO WARRANT PROTECTION, WOULD COST ABOUT 5 MILLION DOLLARS PER YEAR. THUS WE RECOMMEND A TOTAL OF $10.75 MILLION FOR LISTING.

AT WHATEVER LEVEL IS POSSIBLE, AN INCREASED INVESTMENT IN LISTING IS PROBABLY THE MOST COST-EFFECTIVE INVESTMENT INCREASE SINCE WITHOUT ANY FURTHER SPENDING, LISTING PUTS AGENCIES AND OTHERS ON NOTICE THAT THE SPECIES IS PROTECTED AND IT ALLOWS THE SECRETARY AND IN SOME CASES, PRIVATE PARTIES, TO ACT TO PREVENT THE TAKING OF THE SPECIES.

THE LYNX, THE DESERT TORTOISE, AND THE WESTERN YELLOW-BILLED CUCKOO ARE EXAMPLES OF CANDIDATE SPECIES THAT THE SERVICE SHOULD REVIEW SOON IN ORDER TO DETERMINE WHAT SORT OF PROTECTION SHOULD BE PROVIDED.

RECOVERY IS THE NEXT IMPORTANT STEP. IN THE PAST YEAR, THE ENDANGERED PALOS VERDES BLUE BUTTERFLY OF CALIFORNIA WAS APPARANTLY ELIMINATED. WITHOUT SUFFICIENT RECOVERY RESOURCES, WE WILL SEE MORE EXTINCTIONS OCCUR EVEN WHILE SPECIES ARE LISTED AND UNDER THE FULL PROTECTION OF THE ACT. TO PREPARE RECOVERY PLANS EVEN IN TEN YEARS AND TO REVIEW AND REVISE THEM EVERY FIVE YEARS AS THE ACT REQUIRES, WILL REQUIRE $9.5 MILLION AT THE HISTORICAL COST PER PLAN. ANOTHER $6 MILLION SHOULD BE PROVIDED TO IMPLEMENT EXISTING AND ANTICIPATED RECOVERY PLANS IN FY86 GIVEN PROJECTED PROGRAM ACTIVITIES AT BASICALLY CURRENT RATES. THAT RESULTS IN RECOVERY COSTS OF $15.5 MILLION. (FOR COMPARISON'S SAKE, THE FWS RECOVERY PLAN FOR THE GRIZZLY ALONE RECOMMENDS THAT OVER $6 MILLON TO BE SPENT IN THE FEW YEARS OF ACTIVITIES PROJECTED BY THE PLAN.)

ENDANGERED SPECIES THAT DESERVE BETTER RECOVERY HELP THAN THEY HAVE RECEIVED INCLUDE THE RED-COCKADED WOODPECKER AND THE BLACK-FOOTED FERRET, WHICH IS NATURE'S OWN PRAIRIE-DOG CONTROL AGENT. OF THE ADDITIONAL FUNDS WE RECOMMEND FOR RECOVERY, APPROXIMATELY $250,000 SHOULD BE DEVOTED TO WORK ON THE BLACK-FOOTED FERRET, INCLUDING BOTH WORK IN THE FIELD AND A CAPTIVE BREEDING PROGRAM THAT COULD BEGIN AT THE SERVICE'S PAUTUXET, MARYLAND FACILITY.

IF $15.5 MILLION FOR RECOVERY SOUNDS EXPENSIVE, WE SHOULD REALIZE THAT THE SOONER WE MAKE AN EFFORT TO COEXIST WITH WILDLIFE AND ENSURE THEIR CONSERVATION, THE LESS EXPENSIVE AND INTRUSIVE THOSE EFFORTS WILL BE. THIS IS NOT THE TIME OR PLACE TO GO OVER THE BASIC ARGUMENTS FOR PREVENTING EXTINCTIONS, BUT EVEN THIS ACT A HAS A PROCESS FOR DECIDING WHEN WE MUST CHOOSE A POSSIBLE EXTINCTION OVER A SPECIFIC EXPENSE OR ACTION THAT WOULD BE REQUIRED TO AVERT IT. WHAT WE MUST NOT DO IS TO CHOOSE EXTINCTION BY NEGLECT.

THE THIRD MAJOR AREA IS COOPERATIVE AGREEMENTS WITH THE STATES AND OTHER JURISDICTIONS. THIS AREA ALLOWS THE VAST POOL OF EXPERT PERSONNEL IN THE STATE AGENCIES TO CARRY OUT LOCAL AND REGIONAL PROJECTS TO ENHANCE THE HABITAT AND SURVIVAL OF ENDANGERED SPECIES. THE STATE OF MINNESOTA, FOR EXAMPLE, HAS RECEIVED SOME FUNDS FOR ITS COOPERATIVE WORK ON THE GRAY WOLF BUT EVEN THERE THESE FUNDS ARE REGARDED AS INSECURE, THUS LIMITING THE LONG-TERM COMMITMENT TO THE PROGRAM. THE COOPERATIVE PROGRAM MATCHES THREE FEDERAL DOLLARS TO EACH STATE DOLLAR INVESTED IN A COOPERATIVE AGREEMENT. IT IS ALSO A MEANS OF SHARING PERSONNEL, A PARTICULARLY KEY FACTOR WHEN PERSONNEL CEILINGS ARE LOW. IN REGARD TO PERSONNEL CEILINGS, THE SUBCOMMITTEE MAY WANT TO WAIVE CERTAIN PERSONNEL CEILINGS IMPOSED ON THE FWS ITSELF BY ADMINISTRATORS AND ALLOW THE APPROPRIATIONS LEVELS TO CONTROL THE AMOUNT OF WORK THAT IS UNDERTAKEN. THE CONGRESS SHOULD DEMONSTRATE A FIRMER COMMITMENT TO THIS VERY EFFECTIVE PROGRAM TO ALLOW THE STATES TO DO THE SAME. IN ORDER TO RESTORE THE PROGRAM TO THE REAL LEVELS OF FUNDING FOR EACH AGREEMENT PROVIDED IN 1977, EVEN WITHOUT PLANNING FOR NEW SPECIES OR AGREEMENTS, IT WILL COST $25.7 MILLION PER YEAR.

THE COSTS OF CONSULTING WITH OTHER AGENCIES TO PREVENT JEOPARDY TO LISTED SPECIES WILL SOMEWHAT RISE IN RESPONSE TO AN INCREASE IN LISTED SPECIES. EVEN IF THESE SPECIES ARE NOT LISTED PROMPTLY, IT HAS BEEN SHOWN TO BE GOOD MANAGEMENT PRACTICE TO CONSULT OR CONFER OVER THE POTENTIAL EFFECTS OF PROJECTS ON CANDIDATES EXPECTED TO BE LISTED TO AVOID HAVING TO MAKE SUDDEN CHANGES IN AGENCY PLANS IN RESPONSE TO LISTING. THE APPROPRIATION FOR CONSULTATION SHOULD IN EITHER CASE BE $3.9 MILLION.

LAW ENFORCEMENT ACTIVITIES SHOULD BE SUPPLEMENTED BY ESTABLISHING A FORENSIC LABORATORY AND RELATED CAPABILITIES FOR THE FWS. THIS WOULD COST $2.5 MILLION IN THE FIRST YEAR AND $2 MILLION PER YEAR AFTER THAT, OF THAT $700,000 WOULD BE AN AMOUNT PROPORTIONATE TO THE ENDANGERED SPECIES WORK DONE IN FORENSICS NOW. BETTER INFORMATION AND INTELLIGENCE AND TECHNICAL ASSISTANCE SYSTEMS ARE NEEDED FOR THE ENFORCEMENT OF THE CONVENTION ON INTERNATIONAL TRADE IN ENDANGERED SPECIES. THESE AND RELATED WORK HAVE BEEN ESTIMATED TO COST $330,000. FINALLY, GREATER FUNDING SHOULD BE PROVIDED SPECIFICALLY FOR THE PRIVATE REWARDS AUTHORIZED IN THE ACT. IN ALL WE RECOMMEND A TOTAL OF $8,363,000 FOR ENDANGERED SPECIES LAW ENFORCEMENT FOR FY86.

IN RESEARCH AND DEVELOPMENT THAT AT LEAST FOUR OR FIVE NEW SPECIES PROGRAMS BE INITIATED, PREFERABLY ONES WITH AS MUCH GENERAL APPLICABILITY AS POSSIBLE. AT THE CURRENT AVERAGE, THIS WOULD COST ANOTHER MILLION DOLLARS.

BLM: THE BUREAU OF LAND MANAGEMENT HAS DONE SOME VERY GOOD WORK RECENTLY. LARGELY IN RESPONSE TO THIS SUBCOMMITTEE'S DIRECTION LAST YEAR TO ENHANCE RECOVERY WORK. HOWEVER, IT LACKS THE RESOURCES, SUCH AS BOTANISTS, FISHERY AND INVERTABRATE BIOLOGISTS, TO ADEQUATELY CARRY OUT ITS ENDANGERED SPECIES CONSERVATION AND RECOVERY MISSION. WE RECOMMEND AN ADDITIONAL $1,050,000 TO IMPLEMENT RECOVERY PLANS THAT HAVE NOT YET BEEN ACTIVATED, TO ADD NEEDED STAFF, AND TO INCREASE THE FARSIGHTED WORK ON CANDIDATE SPECIES ALREADY BEGUN.

USFS: THERE ARE INDICATIONS THAT THE FOREST SERVICE IS ALSO ADOPTING A MORE COMPREHENSIVE VIEW OF ITS ENDANGERED, THREATENED, AND SENSITIVE SPECIES. HOWEVER, THERE HAVE ALSO BEEN HORROR STORIES. FOR EXAMPLE, REPEATED BUT ENTIRELY AVOIDABLE DESTRUCTION OF RED-COCKADED WOODPECKER COLONIES BOTH ON AND OFF FOREST SERVICE LANDS WHILE THE FOREST SERVICE ITSELF HOLDS MOST OF THE HABITAT THAT CAN BE PROTECTED, AND HENCE HOLDS THE FATE OF THE BIRD IN ITS HANDS. AND THE WOODPECKER WAS ONE OF 8 ENDANGERED SPECIES FOR WHICH THE USFS HAD ACTIVE CONSERVATION PLANS. THERE

ARE 62 MORE THAT HAVE RECEIVED MINIMAL ATTENTION. WE THEREFORE RECOMMEND THAT THE CURRENT ALLOCATION BE INCREASED BY $2,000,000.

THANK YOU MR. CHAIRMAN, THAT CONCLUDES MY TESTIMONY.

STATEMENT OF SUSAN HAGOOD, WILDLIFE MANAGEMENT SPECIALIST, DEFENDERS OF WILDLIFE

Thank you very much, Mr. Chairman, for the opportunity to submit testimony for the subcommittee's consideration. My name is Susan Hagood. I am the wildlife management specialist in the Wildlife Management Program of Defenders of Wildlife. I am here today to address several issues under the jurisdiction of the U.S. Fish and Wildlife Service. On behalf of Defenders' 65,000 members, I am requesting the addition of $207,000 to the Service's animal damage control research budget.

ANIMAL DAMAGE CONTROL

Defenders of Wildlife strongly supports the inclusion of $45,000 in the Service's budget request to fund the third year of two pilot guarding dog programs. We encourage the addition of $207,000 to support the second year of a five-year taste aversion reseach project to be conducted in Arizona, California and Nevada.

Defenders has for some time been very much involved in the promotion of several predator control methods designed to significantly reduce livestock losses from predation while sparing the predator. Predators have for decades been killed by many different and often expensive methods in an effort to reduce predation on livestock. While such efforts have played a role in reducing the populations of some predators, such as the wolf and grizzly bear, intense predator control efforts have not succeeded in reducing the number of what is today the primary target of predator control programs, the coyote.

Unlike those species whose numbers were reduced in part by control efforts, the coyote has adapted both to population suppression and to increasing human development in its natural habitat. Coyotes removed through control efforts are quickly replaced by individuals moving in from surrounding areas. Suppressed coyote populations respond by breeding at an earlier age and producing larger litters. Lethal control efforts, except for those aimed at known sheep killers, are therefore doomed to failure.

Defenders is thus extremely pleased with recent Congressional funding for alternative predator control research. Such research is one of the best ways to answer remaining questions about certain non-lethal control methods. In particular, we are appreciative of the funds, $45,000 provided in both fiscal years 1984 and 1985, for the support of a pilot livestock guarding dog project in Oregon, and in Coryell County, Texas. Although the Service recommended in its FY85 budget that these programs not receive second year funding, Congress added the necessary $45,000 so that they could continue. These funds pass through the Service to the New England Farm Center of Hampshire College, Massachusetts, and in turn to the cooperative extension programs at Oregon State University and Coryell County, Texas.

At the initiation of the Oregon program, an advisory board was established to work with Jay Lorenz, the extension service specialist responsible for the guarding dog project. This 14-member Livestock Protecting Dog Advisory Board, which meets several times each year, includes sheep producers, dog breeders, representatives of the Oregon Fish and Wildlife Department's animal damage control unit, the Oregon Department of Agriculture, the Oregon Environmental Council and Defenders of Wildlife.

In 1984, 57 livestock guarding dogs were provided to 40 Oregon farmers and ranchers. Fully two-thirds of the cooperators with adult dogs in the Oregon program experienced no predator losses after obtaining a dog. The remaining cooperators reported reduced predation. This reduction in predation represents an approximate savings to Oregon sheep producers in 1984 of $26,580.00. As more dogs are made available to farmers and ranchers, the reduction in predation should enable this and similar programs to pay for themselves.

We were therefore very pleased to learn that the Service has included $45,000 for support of these programs for FY86. The program in Coryell County, Texas, though smaller, is also meeting with great success. We feel strongly that a larger Texas program is at this time justified, as are livestock guarding dog programs in other states, such as Nevada, Washington and Arizona.

Defenders was also extremely pleased with FY85 Congressional funding of the first year of a proposed five-year taste aversion research program. Taste aversion is a method of predator deterrence in which lamb baits are laced with an emetic, lithium chloride. Coyotes consuming the bait become ill and, by association, are discouraged from attacking live sheep. This research is to be conducted in Arizona, Nevada and California. Funds will pass through the Service to the Center for Environmental Studies at Arizona State University.

Dr. Carl Gustavson, a prominent authority on this method, has averted coyotes to sheep both in the laboratory and in the field. Dr. Gustavson has proposed a five-year study designed to answer many of the remaining questions about this research. Although the Service failed to seek FY85 funding, Congress expressed its desire for taste aversion research by adding $100,000 for the first year of the project proposed by Dr. Gustavson.

The Service has not recommended additional funding for the second year of this study. Substantive data cannot be obtained without further funding. Without funding, questions about this technique will remain unanswered when, with completion of this study, livestock producers could have another effective method for reducing predation.

We therefore strongly encourage your committee to add the necessary $207,000 to support the second year of this important research. Support and funding of such research is essential if we are to end our dependence on expensive and ineffective lethal predator control.

Thank you very much for this opportunity to express our views. I would be happy to answer any questions you may have.

Following the presentation of testimony on the FY86 Department of the Interior Appropriations Bill before the House Subcommittee on Interior Appropriations, Defenders of Wildlife made some revisions in its FY86 budget recommendations. Those revisions are contained in the testimony which is being submitted to the Senate Subcommittee on Interior Appropriations and are set out below.

I. PREDATOR CONTROL

House: Delete $250,000 from the Fish and Wildlife Service Refuge budget for eradication of the Arctic fox from Kiska Island, Alaska.

Senate: No reference. New information that OMB opposes funding.

II. ENDANGERED SPECIES

House: No reference

Senate: Set aside $250,000 from the proposed increase in recovery funds for an expanded recovery program for the black footed ferret.

III. NATIONAL WILDLIFE REFUGES

House: No reference

Senate: $3.15 million increase in advance appropriation from the Migratory Bird Conservation Account for purchase of additional wetlands for Humboldt National Wildlife Refuge (NWR), California.

IV. ALASKA LANDS

a. Arctic NWR

House: No reference

Senate: $190,000 increase for necessary studies of the Arctic NWR coastal plain.

b. Yukon Delta NWR

House: $350,000 increase for research on waterfowl on refuges.

Senate: Conduct the waterfowl research on Yukon Delta NWR.

c. Togiak NWR

House: $1.5 million increase in liaison on refuges heavily used by natives.

Senate: Liaison needed top priority on Togiak NWR.

STATEMENT OF FAITH THOMPSON CAMPBELL, PH.D., NATURAL RESOURCES DEFENSE COUNCIL, INC.

The Natural Resources Defense Council, Inc. (NRDC) asks that its views concerning FY 1986 appropriations for the endangered species program of the U.S. Fish and Wildlife Service (FWS) be included as part of the record of the Subcommittee's deliberations.

NRDC is a public interest environmental organization of 45,000 members throughout the United States and abroad. Our members support a strong endangered species program with significantly increased appropriations.

The Natural Reources Defense Council urges appropriation of $15 million each for listing, recovery, and Section 6 as minimal amounts necessary to realize the Endangered Species Act's goals.

The Natural Resoures Defense Council supports an increased appropriation for law enforcement of $8.4 million. Neither the Division of Law Enforcement (LE) nor the Federal Wildlife Permit Office (WPO) has enforced adequately the restrictions on trade in plant species protected by the Act or the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). Although illegal trade in listed plants is known to occur (NRDC is aware of at least two well-subtantiated allegations), FWS has not yet prosecuted a single case.

Regarding CITES, LE recently signed a formal agreement under which it will assist the Department of Agriculture in investigating illegal imports and exports of plants. Past enforcement of CITES by Agriculture has been extremely poor; NRDC knows of at least six probable individual violations plus several examples of continuous illegal exports that have not been prosecuted. NRDC hopes that LE's involvement will rectify this situation, but this will depend on LE having adequate staff and resources.

The Federal Wildlife Permit Office, also funded under this line item, has a budget of $485,000 and staff of 24 FTE's to implement CITES. The staff is unable to keep up with the volume of permit applications (3,000 in 1984) and compiling the CITES annual report; serious errors result. For example, in both 1982 and 1983, half or more of the cacti exported from the United States did not appear in the CITES report. WPO has also failed to resolve serious policy issues plaguing CITES implementation, such as which agency in Mexico is authorized to approve plant exports. In the three-plus years that this matter has been under dispute, the U.S. imported at least 350,000 cacti; 30,000 orchids, and 14,000 has cycads -- all of wild origin and many belonging to extremely rare or slow-growing species.

In order to help WPO better carry out its duties under CITES, NRDC recommends an increase of two FTE's (one professional staff for the Management Operations Branch and one permit biologist) at an increased cost in salaries, etc., of $45,000.

NRDC also urges the Subcommittee to appropriate $500,000 each to the Fish and Wildlife Service and the National Park Service (NPS) to carry out international cooperative programs under Section 8 of the Act. Scientists estimate that in the next 15 years, 500,000 to 2,000,000 species may be driven to extinciton. Already, the majority of species listed under the Endangered Species Act are found exclusively or primarily outside the United States i.e., 555 out of 831.

The FWS and NPS "have a well-deserved reputation for many years of effective work in pograms to protect endangered species and wildlife habitats" abroad, according to the Conference Report on the 1983 State Department Authorization Bill (U.S. Congress, House of Representatives, Conference Report, 98th Congress, 1st Session, Serial No. 98-563, p. 86)

The National Park Service has trained the majority of national park systems directors now serving around the world. In the last decade, NPS has provided training for over 3,000 foreign parks professionals through short courses on particular subjects, the annual International Seminar on National Parks and Equivalent Reserves, and individually tailored study programs. For the many programs carried out for Latin Americans, NPS has conducted the courses in Spanish. Appropriation of $500,000 would allow NPS to resume or begin activities such as the following:

- under the Western Hemisphere Convention - translate technical materials on parks management into Spanish; support information exchange by compiling an annotated bibliography in Spanish and linking computerized databanks; conduct training courses and workshops for park rangers, superintendents, and planners; carry out a workshop in the new field of setting up coastal and marine parks; sponsor a workshop with Canada and Mexico to develop practices to allow people to observe grey whales without disturbing the animals.
- under Section 8 of the Endangered Species Act - provide instructors, educational materials, and other support to regional centers that train parks staff from several countries, including Mweka in Tanzania, Debra Dun in India, CATIE in Coasta Rica, and Baraloche in Argentina.
- under the World Heritage Convention -- assist other treaty countries in improving management of vital wildlife habitats, including Serengeti National Park.

The NPS should also receive access to at least $500,000 worth of U.S.-owned rupees to resume its excellent program in India and Pakistan.

The Fish and Wildlife Service, under its Western Hemisphere Convention appropriation, has provided Spanish translations of professional education materials such as the Wildlife Management Technical Manual. It has helped fund research on where migratory birds spend our winter and centers of endemism for Latin America's beautiful plant species.

The FWS must be ensured of continuing funding at $300,000 under the Western Hemisphere Convention to permit it to build on past projects:

> develop a regional graduate-level training program in wildlife management, probably in Costa Rica; expand the bird-banding workshop to include countries other than Brazil; study wintering ecology of terms in the Caribbean; and begin helping to create reserves for particularly valuable plant habitats.

FWS should also receive $200,000 to enable it to initiate urgently needed conservation programs in Africa and in Asia outside India (where it can continue its work using rupees). Such projects should include workshops on establishing refuges and management of migratory birds; support for regional training centers, reserach and surveys to identify endangered species and develop protective programs.

STATEMENT OF DR. TOM J. CADE, PROFESSOR OF ORNITHOLOGY, SECTION OF ECOLOGY AND SYSTEMATICS, CORNELL UNIVERSITY

Mr. Chairman, I address your Subcommittee as a private citizen, representing no organization or constituency, to ask that you examine carefully the proposed budget of the U. S. Fish and Wildlife Service for its Division of Law Enforcement and that you disapprove the appropriation of any funds that have been budgeted, or any requests for increased funding, for undercover operations that involve so-called "stings" or "scams" of the sort represented by "Operation Falcon" and "Operation Trophykill" in 1984. I urge your Subcommittee to examine information from the indictments, trial records, affidavits supporting search and arrest warrants, reports of investigation by special agents, transcripts of tape-recorded conversations between covert agents and suspects, and "Rule 11 Statements" from the Justice Department pertaining to "Operation Falcon" and "Operation Trophykill," because these official, documented sources reveal that such covert operations frequently go beyond acceptable limits of law enforcement--that they often involve unethical and sometimes illegal actions by special agents and informers against U. S. citizens who were not engaged in any wrongdoing prior to becoming the targets of a sting.

The proper function of law enforcement officials is to uphold the law and to encourage citizens to obey the law, not to suspend law enforcement in order to offer enticements for people to break the law. Sometimes it would appear that government has become a kind of devil whose role is to tempt its citizens to see whether they are of sound moral character and then to punish those who are weak enough to succumb to the temptation. The whole philosophy behind stings runs counter to the American way of thinking about criminality and how offenders should be apprehended. It often leads to abusive and unjustified actions by agents who do not receive enough supervision in the field to prevent them from violating the rights of citizens. The ten-year "investigation" and harassment of The Peregrine Fund, Inc. by FWS agents is a prime example of such abuse.

Scams do embarrass and discomfit a large number of gullible and slightly culpable people who allow themselves to get suckered into committing illegalities but who are basically non-criminal in character, but they seldom result in significant convictions of the real, professional criminals. The cases resulting from "Operation Falcon" provide revealing examples. One man who was found guilty of illegally transporting a falcon across state borders was fined $10,000 and sentenced to serve one year in Leavenworth; another, whose only crime was to allow a non-transferrable band to be removed illegally from a bird in his possession and to be placed on another bird, was fined $20,000. These are harsh penalties for minor infractions. How do they compare with what the real criminals got? One defendant who is known to be a member of a notorious German family of international smugglers and falcon-traffickers went into court with 10 felony counts against him with potential penalties of $150,000 in fines and up to 25 years in prison; U. S. prosecutors allowed him to plea-bargain for three misdemeanors with a fine of $10,000 and probation with the proviso that after six months of good behavior his criminal conviction would be expunged from the record. Another international trafficker--a Canadian national--who is reputed to earn around $500,000 a year through illegal dealings in falcons was fined $30,000 and given a suspended jail sentence. Such plea-bargains reveal much about the enthusiasm that Justice Department prosecutors have for bringing to trial the dubious cases based on sting operations, and such paltry convictions are laughable as representations of just punishment or as significant deterrence of real criminal activities.

They are an affront to all honest citizens who have to support law enforcement agencies with their tax dollars.

For 15 years the bureaucratic power of the FWS Division of Law Enforcement has been growing until now it has become so independent that there is inadequate control over its methods and activities by the directorate of the Fish and Wildlife Service. It is like having an Army with no civilian control at the top. A number of changes need to be made to bring the Division of Law Enforcement back into harmony with the resource management and conservation philosophy and objectives of the principal, substantive divisions and offices of the Service. For one thing, law enforcement officials should not have the primary responsibility for drafting regulations; for another they should not be the ones who issue permits. These functions should be in the hands of wildlife managers who have some biological knowledge and awareness of the resource management implications of what they do. Most importantly, the office of the Chief of Law Enforcement should be physically moved back into the Interior Building, where the chief can enjoy close, daily contacts with his superiors in the Fish and Wildlife Service. The greatest administrative blunder the Service ever made was to allow the offices of the Chief, Division of Law Enforcement to become physically isolated from the higher echelons of authority in Interior.

All funding of covert activities involving stings should be rescinded until the appropriate committees of the Congress have had an opportunity to consider the public concern which has been voiced in the last two years over the excessive and improper use of sting operations by federal law enforcement agencies, and until the Congress as a whole has insured through appropriate legislation that needed restraints are put in place. At the minimum, any law enforcement agency that contemplates the use of a sting or scam should be required to obtain prior review and approval of the operation by a federal judge or grand jury before the action is allowed to start. It should be required to present specifically named suspects for consideration and to show the same degree of "probable cause" required in seeking a search warrant or authority for a wire-tap. Only in this way can the taint of entrapment be avoided--that is, for law enforcement officials to produce some evidence that the suspect is predisposed to violate the law before he becomes the target of a sting.

Despite statements that the FWS law enforcement stings have been supervised by the Department of Justice, there is plenty of evidence that this necessary safeguard to avoid violating the constitutional rights of citizens was not adhered to in either "Operation Falcon" or "Operation Trophykill." In two of the only three cases arising from "Operation Falcon" that have actually gone to trial, the defendants were found not guilty, presumably by virtue of entrapment. The third case is pending appeal in a higher court. According to figures provided by FWS, since 1981 out of some 240 cases presented in court, no fewer than 53 have been tossed out by the judge because of unacceptable evidence or other irregularities of investigation. The per cent of cases that were made on suspects by FWS but that were unacceptable to Justice Department prosecutors for presentation in court remains unknown, but it must be very high.

Until such time as the rights of citizens are more fully protected from the kind of judicially unmonitored, free-wheeling, and largely unwarranted scams so typified by "Operation Falcon" and "Operation Trophykill", and similar operations of the FWS Division of Law Enforcement during the past five years, such stings should be suspended by the refusal of the Congress to make the money available to carry them out.

I believe it was Ben Franklin who said, "Eternal vigilance is the price of freedom." Senators and Congressmen, be vigilant in this matter.

NATIONAL PARK SERVICE

STATEMENT OF ROBERT H. MORTENSEN, FASLA, PRESIDENT, AMERICAN SOCIETY OF LANDSCAPE ARCHITECTS

The American Society of Landscape Architects was very concerned to learn that in connection with its 1986 budget, the National Park Service has proposed rescission of the $100 million which was supposed to be available for road construction under the Federal Lands Highway Program.

As you know, these funds were part of a four-year commitment called the Park Restoration and Improvement Program. The funds would be raised through user fees deposited in the Highway Trust Fund, and thus do not directly increase the Park Service's budget authority. If the outlay is rescinded, we understand that the funds would be redistributed to the states through the Trust Fund.

Meanwhile, the very real needs for road construction/repair will not be met and other monies will have to be appropriated to replace the rescinded funds.

Among the affected park units with previously scheduled road work are: Harpers Ferry, Denali, Buffalo River, Natchez Trace, Grand Canyon, Canyonlands, Death Valley, Sleeping Bear Dunes, Yellowstone and Glen Canyon, to name a few.

It is our understanding that the Park road system has a backlog of improvement needs exceeding $1.1 billion. There are almost 8,000 miles of roads and 1,350 bridges in the Park System. The Federal Highway Administration classifies 50% of the roads in poor condition, 30% in fair condition and 20% in good condition. At the $100 million spending level, over 400 miles of roads and 25 bridges can be improved each year. Delay of needed repairs will make them even more costly. Further, the public's ability to enjoy its national park heritage and to travel safely throughout the park system is dependent on completion of this necessary road work.

This rescission represents a false economy and will require increasing the Park Service's budget authority to substitute for the funds generated by user fees. We urge your subcommittee to direct that the $100 million be expended from the Trust Fund for this purpose as intended by Congress.

Thank you for your consideration of our views.

STATEMENT OF THE SOCIETY FOR AMERICAN ARCHAEOLOGY

The Society for American Archaeology is the nation's leading professional association of archaeologists. This year we celebrate our 50th anniversary. Given the importance of this year for American archaeologists, we would like to review what it is we do and why it is important before proceeding to our funding requests.

What is Archaeology

Archaeology is the study of the past through the identification and interpretation of the physical, tangible leavings of humanity. Through rigorous scientific methodologies, we seek to understand how human societies have attempted to deal with problems such as obtaining food, building shelter, making tools, and creating social organizations. We seek to describe how our predecessors have responded to the exigencies of life. Like all social scientists, we describe, conceptualize, compare, and interpret the data we study in order to aid our fellow citizens better understand how and why we created the world we live in. Like other social scientists we seek to provide insights which will help all of us better respond to the challenges we face and to the challenges which will face our children.

The successes and failures of humanity's efforts to deal with its problems are preserved in historical and pre-historical archaeological sites. One part of our job as archaeologists is to systematically elicit the experiences of humanity and to express these experiences in a form useful to others. Two examples will illustrate this point. Prehistoric and historic peoples in the Southwestern United States had to develop crops and farming techniques which maximized use of scare water. Today, age old methods of runoff water collection and containment are used to design rain catchment basins and water storage tanks. Related studies of the impact of soil salinity and soil depletion due to intensive agriculture in prehistoric cultures provide a sobering perspective on modern intensive agriculture. At the same time, however, these studies point out that techniques such as using farm units with small watersheds and plots which fit into the natural soils landscape enabled some prehistoric peoples to escape the distruction of farm lands caused by pushing catchments and filed sizes beyond what the land could support. Similarly, studies of ancient stone tool-making techniques have been used to develop new obsidian surgical scalpels for operations requiring cutting edges sharper than can be created on steel instruments.

Another part of our job is to share the excitement of our work with the general public. There is a clear intellectual curiosity with which Americans approach archaeology. Newspaper front page stories on major finds and tourism at interpretive archaeological sites such as Historic Annapolis close by in Maryland demonstrate overwhelming public enthusiasm for what the past can teach us. While statistics comparing the interest generated by historic sites in comparison to other tourism draws are rare, a 1982 study by the Department of Commerce and Economic Development of the State of Washington does provide some hard data. Out of 63,660 responses to its tourism advertisements, 71.5% requested information on historic sites. To help those who would like to place such statistics in an economic context, the State notes that in 1980 tourism generated $2.67 billion in business income. $132 million in taxes, and provided 72,300 jobs.

Like other scientists, archaeologists can develop long lists of spin-off benefits from their work. Like other scientists, we could present you with facts and arguments demonstrating that the social benefits which result from archaeological reseasrch cannot be fully captured by private -- or even state -- funding sources, thereby justifying federal cost sharing to encourage states and private parties to create social benefits by funding archaeological work. But a third part of our job is perhaps the most important part for our fellow citizens. And this part is difficult to put a price tag on.

Through careful excavation and interpretation of sites, we help our fellow citizens to oriente themselves in the world. The challenges poised by the need to apply value, kinship, political, and economic systems to changing natural and social environments have been faced throughout human experience. Even where a written record exists of how our ancestors sought to meet these challenges, the study of their physical leavings provides an independent record by which we can come to know their biases. The physical record helps us understand what people thought was important enough to write about and what was not. Faced with the task of harnessing the opportunities presented by modern technology, can we afford to ignore insights gleened from how previous cultures harnessed the opportunities presented by the horse or the iron horse?

The Private Sector Role

It is an attribute of great and free nations that they honor their past and take pains to learn from it. So it is not surprising that great Americans such as Thomas Jefferson were actively involved in archaeological excavations.

Numerous excavations and interpretive programs, such as Historic Annapolis that I mentioned earlier, are supported in part or in whole by private funds. During the 1920s, to give an historical example, John D. Rockerfeller supported extensive archaeological fieldwork as a basis for the architectual and decorative reconstruction of buildings and gardens in Williamsburg, Virginia. Every archaeologist knows that many excavations and interpretive projects would never be possible without private financial support and the free labor of dedicated amateurs.

Why do companies and individuals support and participate in archaeology and historic preservation? I know of no survey data which directly answers this question. But I do not think we would be far off to conclude that the same spirit of intellectual curiosity and appreciation for the past which motivated Jefferson's work or Rockefeller's funding is alive today. A burial mound or pioneer's house is very tangible. Seeing it there stimulates the mind. We want to know what secrets it hides. We want to know what it can teach us.

But the spirit which motivates private sector support has its limitations from the standpoint of a national perspective. Private sector support is most frequently forthcoming for excavations and interpretive programs. People seem to relate easily to the immediate, physical reality of moving dirt and peering into the ground to discover what is buried there. People like to be able to walk out to the work they are supporting. Amateurs like to get out and dig in the hopes of finding that piece of history or prehistory. They like to be able to walk around the site with others and share their excitement as part of conducting interpretive programs. Support is far harder to find for cultural resource planning and for surveys of the resource base.

In our society, fortunately for the preservation of our freedom, no one is going to pass laws establishing a rigid "role" for the private sector in archaeology and historical preservation. Rather, the role has evolved over time. It is a straight-forward role. The private sector supports what it wants to. In general, we find that what it wants to support is excavation, analysis, interpretation, and public education with respect to specific sites.

There is nothing wrong with this role for the private sector. It is important the funding and staff be available for doing this kind of nuts and bolts archaeology and public education. For example, there are over 5,000 identified sites in Oklahaoma alone. Private support is imperative if we are to study even a small percentage of the sites in our country.

The Federal Role

Nowhere in the Constitution is their a clause stating: "The federal role in archaeology and historic preservation shall be ..." or stating: "Congress shall pass no law establishing an archaeological or historic preservation program which ..." What then are we to assume the founders of our republic intended the federal role to be?

It is clear that some role would be viewed with favor by the founders. Any reader of The Federalist Papers is struck by the numerous examples drawn from Antiquity. As Gordon Wood notes in his award-winning work, The Creation of the American Republic, 1776-1787, "..the Americans sought nothing less than 'a comprehensive knowledge of history and of mankind'" in order to learn how to best govern ourselves.

But if a general appreciation for the importance of what has gone before suggests that the federal government should somehow respect archaeology and historic preservation, it tells us little about what the affirmative role of the government should be. We must look elsewhere for that.

Two facts make an affirmative federal role unavoidable and underlie federal support for archaeology and historic preservation.

First, as a landowner, the federal government controls a vast amount of property. Like any landowner, economically rational management of its property requires knowing what is there and how it can be used. This basic economic imperative makes the roles of surveying and cultural resource management of federal lands sound policies. Similar considerations apply to the federal government's activities in bulding roads, water projects, housing, and supporting economic development.

Second, as a democratic republic, our government is charged with promoting the general welfare. This charge has never been narrowly drawn. It is part of the essence of representative government that it respond to the cultural concerns of its citizens. It is precisely this sensitivity to the breadth of our way of life which makes the U.S. form of government a model for all nations. A concern for the general welfare leads to the role of a patron.

The role of a patron is a well-established federal role. As a parton, the government does not replace the private sector, but suppliments its efforts. As long ago as 1886-1888, Mary Hemmenway supported the Hemmenway Southwestern Archaeological Survey. This work documented the Casa Grande ruin and the serious damage being done to it by vandels lead notable Americans such as Oliver Wendell Holmes, J. Greenleaf Whittier, and Mrs. Henry Cabot Lodge to petition Congress to preserve the ruin. Congress responded and the land around Casa Grande was reserved from sale and settlement and an appropriation passed to permit the Secretary of the Interior to protect and repair the ruin. Perhaps the clearest expressions of the patron role today is in the National Register and National Historic Landmark programs and in the preservation, excavation, analysis, and interpretation for the public of sites on federal lands.

Acting through their federal government, the American people have time and time again demonstrated their awareness of the benefits of federal support for archaeology and historic preservation. Federal involvement in archaeology and historic preservation has a long and noble history. In the days after the Civil War, distinquished Americans, such as major John Wesley Powell on his famous Colorado River trip, were commissioned to study the pre-history and history of our land. In 1906, Congress enacted the Antiquities Act. In 1935, the Historic Sites Act was signed into law. More recently, the National Historic Preservation Act, the National Environmental Policy Act, the National Archeological and Historic Preservation Act, theArchaeological Resources Protection Act, the 1980 amendments to the National Historic Preservation Act, and the Convention on Cultural Property Implementation Act were signed into law.

The federal government's roles come together in funding for the Historic Preservation Fund and in funding for federal programs.

The Historic Preservation Fund

The support provided to State Historic Preservation Officers also provides revenues to offset the role of State Historic Preservation Officers in assisting federal agencies acting as landowners, builders, and supporters of our nation's economic development. Further, through this funding, the federal government supports the development of state cultural resource plans. These plans make rational preservation policy possible. The plans establish a context for private sector, state, and federal work by making it possible to determine priorities among the numerous worthy projects which are competing for support. And through the support the Fund provides for the National Trust for Historic Preservation, the federal government is able to leverage its dollars to, in the words of the National Historic Preservation Act, encourage public interest and participation in historic preservation.

Mr. Chairman and Members of the Committee, for far to many years we have been forced to focus on the Fund due to the belief of this Administration that the Fund is not important. Let us put an end to this misunderstanding. We request that you appropriate $108 million for the Historic Preservation Fund. These monies should be used to set a funding floor of $27 million per year for over the next four years for the Fund. Scientific surveys and research as well as historic preservation planning cannot be turned off and on if you want a cost-efficient operation.

The National Park Service

Over the past two years, the Society has come before you to request funds for development and implementation by the National Park Service of a national database on federally funded archaeology. **We are pleased to note that work on the database is moving ahead and that we believe no additional special funding is called for. We do, however, request that you include language in your Committee report commending the Park Service for its progress and urging it to continue its efforts.**

The National Forest Service

Our advocacy of the database in the past was based on our conviction that as archaeologists, we have a professional responsibility to recommend and support projects which will increase the cost-efficiency of federal archaeological programs. Everyone suffers when federal programs are poorly organized or run. Precious dollars that could be spent excavating, analyzing, and interpreting sites and providing public education must be spent for poorly organized administrative functions. We believe that if we do not come forth and identify problems and recommend solutions, we shall have no-one but ourselves to blame if these managerial problems are never addressed.

In recent years, the profession and federal agencies have become increasingly interested in predictive modelling as a tool which will enable agencies to meet their Section 106 responsibilities under the National Historic Preservation Act in a more cost-efficient manner. The recently initiated lawsuit against the Forest Service for failure to adhere to its responsibilities in the Southwest highlights the importance of better tools. Further, if agencies could conduct work more cost-efficiently, we would hope funds would become available which could be used to meet their Section 110 responsibilities under the same act. For example, through the National Forests are numerous wooden pioneerand Indian structures which will soon deteriorate due the the effects of time. If we do not study these sites within the next 20 years we shall never study them. They will be gone. Whatever we might learn about how to better live in this country will be gone with them.

Predictive modelling holds the promise of being a tool which will allow us to focus scare dollars on areas of greater archaeological and historic preservation resource occurance and to limit expenditures for surveying areas of lower resource probability. There are 192 million acres encompassed within National Forests. We need better tools to determine which areas should be intensively surveyed and which need not be so intensively surveyed.

Working together with representatives from the Society and other federal agencies, the Bureau of Land Management has been reviewing the literature on predictive modelling. Various approaches to modelling have been identified and evaluated. Yet this work, to date, has been theoretical. It is time to move forward to empiricially test models in order to determine their utility for addressing both Section 106 and Section 110 responsibilities.

It is a sound principle of scholarship that many researchers from different institutions should be involved in developing and testing theories. The Forest Service has made a good start towards such testing by establishing a cultural resource management reporting system. Among its nearly 150 cultural resource specialists are individuals who are uniquely qualified to design and conduct an empirical test of the utility of predictive modelling. A Forest Service program would carry forward and enhance, while providing an independent check on, the work of the Bureau of Land Management.

Accordingly, **this year we are requesting $200,000 be appropriated for the Forest Service to be expended over the next two years. These funds should be used for developing empirical baseline data, applying alternative models to this data, conducting limited survey and excavation work to test the utility of the models, and for analyzing and disseminating the full range of results of the project.**

Conclusion

In his State of the Union address the President called for a "Second American Revolution." Let us approach this call for a new revolution in the same spirit that the founders of our nation approached their revolution -- with an appreciation for what we can learn from the past. Let us finally secure the basic funding for our system of cultural resource management by establishing multiyear funding for the Historic Preservation Fund. And let us turn our efforts to identifying ways in which our cultural resource management efforts can be improved through carefully designed, modest initiatives such as an empirical test of predictive modelling.

Statement of Nellie L. Longsworth, President, Preservation Action

1986 APPROPRIATIONS REQUEST FOR THE NATIONAL HISTORIC PRESERVATION FUND:
$22.5 million for the states
$ 4.5 million for the National Trust

TOTAL: $27.0 million

This statement has been prepared by Nellie L. Longsworth, President of Preservation Action, the national citizens lobby for historic preservation and neighborhood conservation. Thank you for this opportunity to bring our case for 1986 funding of the National Historic Preservation Fund before the subcommittee.

IT WAS NOT A SURPRISE to learn that the President's Budget had requested zero funding for the 1986 Preservation Fund appropriation since this was the fifth year in a row that such a request has been forthcoming.

During each of the previous years, Congress has responded with a "maintenance of effort" appropriation that allows the important work of the states and the National Trust to continue uninterrupted. Preservationists have been most grateful to this Committee - and to the whole Congress - for its support. You, in turn, can take pride in the excellent manner in which both the states and National Trust have made the necessary adjustments in programs to operate within a smaller federal appropriation that recognizes the severe fiscal circumstances to which the Congress - and federal government - must respond.

IT WAS A SURPRISE to read the Budget justification for the elimination of funding in F/Y 1986. To quote, "...the Economic Recovery Tax Act of 1981 incorporates specific provisions which enhance tax incentives for the rehabilitation of historic buildings. ... We believe that these incentives will be sufficient to provide for the preservation and protection of historic properties without Federal support for State programs." The irony of the budget justification is the fact that the Administration has proposed the repeal of the rehabilitation investment tax credits as a provision of the Treasury proposal for tax simplification! Appropriations experts might be tempted to reduce spending because tax incentives adequately support preservation while tax simplification advocates can claim that preservation should be funded through appropriation. **The Administration has endangered the preservation program in such a way that only a very alert Congress CAN avert a disaster.**

Your subcommittee is charged with the appropriation part of carrying out the preservation program. WE ARE NOT GOING TO REQUEST A $400 MILLION APPROPRIATION THIS YEAR TO SUPPORT THE WORK CURRENTLY BEING UNDERTAKEN THROUGH FEDERAL TAX INCENTIVES...the rehabilitation tax incentive program is working beautifully and we are undertaking a strong lobbying effort for the continuation of the rehabilitation ITCs within the framework of proposed tax legislation.

FUNDING FOR THE STATES

PRESERVATION ACTION IS REQUESTING CONTINUED FUNDING FOR THE STATES IN THE AMOUNT OF $22.5 MILLION FOR F/Y1986.
Our membership, made up of individuals, preservation organizations, and corporations, would substantiate that the partnership with the states is:

- critical to the timely meeting of the legal requirements of designating and registering historic properties and districts;
- necessary to insure that federally funded projects do not proceed without taking into account an effect on historic properties;
- central to the increasing national use of tax credits for the revitalization of towns and cities in all regions of the nation.
- aiding certified local governments to become more involved in preservation activities due to the 10% pass-thru requirement.

Preservation Action further believes that the $22.5 million appropriated for "survey and planning grants" to the states is critical to insure a uniformity of program between states. Developers using the preservation tax incentives can be assured that - as a requirement for federal assistance - standards, designation, and procedures will be applied evenly throughout the 50 state system, and will not be effected by a state's fluctuation of financial commitment to the preservation program in any one year.

The success of the tax incentives for income-producing buildings has been spectacular and the facts speak for themselves: Since '76, 10,724 projects have qualified, representing over $6.94 billion worth of private investment in preservation projects. This includes over 54,649 housing units of which 31,433 were "new" housing units. 13,759 units have been slated for low and moderate income families. In '84 alone, 3,214 projects qualified, representing $2.12 million in privately invested rehab. Many believe that the rehabilitation tax incentives have created the most cost-effective - and successful - urban revitalization program our nation has ever produced.

The state role in the tax certification process - partially subsidized by the the survey and planning grants -has been very important in bringing developers to terms with the Secretary of Interior Standards at the earliest stages of project development. Since properties eligible for the 25% ITC must be on the National Register or in a certified district within 30 months of completion, the state process for review and nomination has become an important factor in limiting the universe of buildings qualified to those that truly deserve historic designation. Without the good - and timely - work of the state staffs, developers would be tempted to use a lesser incentive that might do permanent damage to a historic building deserving of more sympathetic rehabilitation.

WE HOPE THAT THE SUBCOMMITTEE WILL ONCE AGAIN SUPPORT THE CONTINUATION OF SURVEY AND PLANNING GRANTS TO INSURE NECESSARY FEDERAL PROGRAM ASSISTANCE TO THE STATES AT A LEVEL THAT MAINTAINS THE EXISTING PARTNERSHIP.

FUNDING FOR THE NATIONAL TRUST

Preservation Action further supports funds of $4.5 million for the National Trust for Historic Preservation. This important national private, non-profit organization is the vital program link to the private sector. By giving visibility to the need for stewardship of our great historic properties, by initiating programs that bring technical expertise to neighborhoods and Main Streets, by stimulating good preservation with loans and grants for worthy projects and endangered properties, the Trust can effect and improve the lives of Americans of all income levels, throughout our nation. This yearly appropriation insures that the Trust can carry out its responsibilities as authorized by Congress.

DEVELOPMENT GRANTS

There is another important area of financial assistance that has been supported in the past through federal appropriation. Development grants through the National Historic Preservation Fund appropriation were the only source of funding available during the early '70s for stabilizing important historic properties in all states on a matching fund basis. This activity was important in showing the "man on the street" that old, deteriorated buildings could be transformed into beautiful useful community treasures. The resulting spark created a national constituency that could see that "new and bigger" was not necessarily "better", as many developers purport.

Funding for development grants came to a halt in 1980. The rationale was that there were tax incentives available for income-producing historic structures. The loss of preservation development grants did not bring preservation to a halt but funneled interest toward commercial and residential rental property rather than to historic structures that needed support on merit. It should be noted here that the private citizen and public/non-profit owner had a brief respite from the drying up of all federal development grants through the Emergency Jobs Bill appropriation of $25 million in F/Y 1983.

Preservation Action has always supported the additional funding of development grants as an integral part of the authorized national preservation program BUT IS NOT SEEKING A SPECIFIC '86 APPROPRIATION FOR THESE GRANTS THIS YEAR. PRESERVATION ACTION'S BOARD DECIDED THAT - DUE

TO THE FEDERAL DEFICIT CRISIS - THE DEVELOPMENT PROGRAM COULD BE HELD IN ABEYANCE.

SUMMARY

All of the noble work of this committee in funding a national program that is cost-effective with a strong national constituency is now on the Administration's "chopping block". It does not make sense to "fix something that is working so well", or to dramatically change a system that has strong voter support and is well worth the investment made by the federal treasury.

Our young nation has come to grips with the need for programs that insure the preservation of our patrimony. Congress has enacted legislation that adopts a rational approach - not a costly approach - to its implementation. The partnership approach is a model program that distributes appropriate responsibility to all levels of government and the private sector. Both the states and National Trust can document the fact that federal support appropriated by Congress often returns to accomplish preservation goals in the taxpayer's hometown. Jobs, energy savings, the return of tax base to deteriorated areas of our nation's cities are some of preservation's by-products. Our historic buildings will not survive, however, unless there is recognition of the fact their importance to our people supercedes measurement in economic terms alone.

The continuation of the national survey, the involvement of more local governments in the public sphere of preservation, the support for preservation as a good revitalization scheme, the improvement of Main Street America, and the stewardship of some of our greatest monuments are worthy of a $27 million federal investment.

STATEMENT OF DR. BETTYE COLLIER-THOMAS, EXECUTIVE DIRECTOR, MARY MCLEOD BETHUNE "COUNCIL HOUSE" NATIONAL HISTORIC SITE

On October 15, 1982 Ronald Reagan, the President of the United States signed into law a congressional bill designating the Bethune "Council House" a National Historic Site. Located at 1318 Vermont Avenue, N.W., Washington, D.C., from 1943 to 1966 this property served as the first national headquarters for the National Council of Negro Women and from 1943 to 1950 it was the official Washington residence of Mary McLeod Bethune, the founder and first president of the NCNW. The property currently houses the National Archives for Black Women's History and the Mary McLeod Bethune Memorial Museum.

The Bethune "Council House" National Historic Site interprets the life of one of America's foremost black Americans and provides the American public with a more holistic view of the role of black women in American history. Through exhibitions, public programs and publications, the Museum-Archives pursues its mission of education. The institution serves a diverse public comprised of persons of varying educational and socio-economic backgrounds, young and old, black and white, students and scholars.

In the past year (FY 1984-85) the staff of the Bethune Museum-Archives has made significant progress in the development and interpretation of the site. At the direction of its Executive Board the institution has raised funds and implemented programs which have serviced a broad-based public. During the first two years of the site's operation as an independent non-profit entity the Executive Board approved the appointment of a President of the Museum, for the express purpose of directing the fund raising activities. On September 7, 1984 the Board abolished this position, feeling that it was more appropriate to have fund raising functions directed by an Executive Director who worked directly with the Executive Board. Dr. Bettye Collier-Thomas, the Director of the Bethune Museum-Archives since its inception in 1977, on September 7, 1984 was designated the Executive Director.

On October 1, 1983 the Bethune Museum-Archives received a congressional appropriation of $200,000 which included a match of $100,000. The Department of the Interior agreed that funds raised during the period January to September, 1983 could be utilized for the match. By September, 1983 BMA had raised the required match. For FY 1985 the institution received a second appropriation of $98,000. These funds have been critical to the site's survival, supporting intensive interpretation and some restoration.

The development of the site and implementation of its stated goals have received wide recognition through extensive media coverage, listings in scholarly publications, dissemination of information through regular institutional programming, traveling exhibitions and a variety of educational materials. As one of the few institutions in the nation which sponsors traveling exhibitions and special educational materials on black subjects, BMA is able to reach a broad-based public which extends well beyond the site. Currently, the Museum circulates four traveling exhibitions, one of which documents the life of Mary McLeod Bethune, and three others which include biographical and contextual data on Bethune and other black women of achievement, thus integrating black women into the fabric of American history.

The Museum-Archives has produced attractive and well researched educational materials which are useful for educating a general audience and which indicate new directions in the scholarship of American history. In February, 1984, BMA introduced a kit, exhibition, and video cassette entitled "Black Women: Organized for Social Change: 1800-1920." These materials trace the unique and virtually unknown early social service activities of black women. They have been utilized by schools, organizations, and institutions throughout the nation.

Regular site programming, such as those activities listed in the current quarterly program series, includes workshops for teachers; a concert series developed in conjunction with the D.C. Urban Philharmonic; tours for school groups and organizations; lectures emphasizing little-known aspects of black and women's history; exhibitions including works of leading black women artists; exhibitions documenting the work of black women's organizatons; and special history courses interpreting the role of black women in American History.

The Museum continues to offer an internship program for college graduates and high school students. College graduates gain experience in all aspects of museum and archival work throughout the year. High school students are exposed to the rigors of a work environment and the workings of a cultural institution in the summer. During the summer of 1984, students from diverse institutions such as Brown University, Harvard University, the University of Maryland and Howard worked at the Museum-Archives. These students were an integral part of BMA's program. A growing number of volunteers representing national organizations and community associations have provided on-going support for the institution's activities.

Attached to this report is a list of "Programs and Activities for 1985." In addition to these programs, BMA provided extensive interpretation in programming and services. Because of the nature of this site and the need for expanding the geographical boundaries of staff-directed site interpretation efforts, frequently the Executive Director, Curator, Archivist and Museum Educator participate in local and national forums and in professional associations which aid in the dissemination of information about Mary McLeod Bethune, the history of Afro-American women and the importance of Afro-American landmarks and sites. These forums help to enlarge the public's knowledge of the site, promote the efforts of the National Park Service and provide a broader view of Afro-Americans within the context of American history.

During the past year BMA received heightened press coverage in print and broadcast media thereby gaining greater public recognition of the work of the institution and the important role of the National Park Service as a supporter of the interpretation of the history of all Americans. In all of its published materials, brochures, video cassettes, and through staff presentations, BMA announces its status as a national historic site and its affiliation with the NPS. BMA's visibility as a national historic site has served as a tool to educate the public about the various categories of historic properties in the nation. Frequently the institution receives requests for information regarding historic landmarks and sites which exist for interpreting Afro-American and women's history as well as questions which require a distinction between the more local and national properties.

In its effort to interpret the life of Mary McLeod Bethune and to highlight her role as a public figure, BMA petitioned the United States Postal Service to award a commemorative stamp in her honor. In February, 1984 the Postal Service informed the Museum that Mrs. Bethune had been designated as the eighth black American to be so honored. The Executive Director and Curator worked closely with the Postal Service to define the artistic image which appears on the stamp. BMA was selected by the U.S. Postal Service as the sponsor for the Stamp Dedication Ceremony held on March 5, 1985.

The Executive Director working with representatives of the National Park Service developed the language for the plaque which was unveiled at the Department of the Interior Marking Ceremony. In order to consolidate our efforts and to give maximum exposure to the larger interpretation of Bethune and the site, the Marking Ceremony was held on March 5, 1985, following the Stamp Ceremony. Similar to the historic events honoring Eleanor Roosevelt at the October 11, 1984 dedication of Val Kill, BMA, The Department of the Interior and the United States Postal Service achieved their mutual goals at the highest level by holding these events on March 5, 1985 at the beginning of Women's History Week.

Supporters of the Bethune Council House National Historic Site request that a total of $200,000 be appropriated by the Senate Interior Appropriations Committee for maintenance and interpretation of the historic site during FY 1985-86. The total project budget for the site during FY 1985-86 is $411,591. These funds are important to the institution's ability to continue to provide the high level of interpretation and services from which Americans across the United States have benefited. The important benefits of assuring public awareness of the work of one of America's greatest black public figures, Mary McLeod Bethune, and of providing a center for the preservation and interpretation of the history of black American women cannot be overstressed.

BETHUNE MUSEUM-ARCHIVES

BUDGET SUMMARY

FY 1985

Salaries & Fringes	$289,326.00
Utilities Expense	12,100.00
Telephone	4,000.00
Office & Admin. Expense	24,000.00
Bldg. Expense, Repairs & Maint	23,550.00
Site Restoration	5,000.00
Exhibition Expense	14,665.00
Archives Expense	6,950.00
Museum Programs Expense	21,500.00
Travel	9,000.00
Miscellaneous	1,500.00
Total Expenses	411,591.00

STATEMENT OF THE POLICE ASSOCIATION OF THE DISTRICT OF COLUMBIA

Mr. Chairman and Members of the Committee, I am Ronald DeAngelo, Chairman of the Legislative Committee for the Police Association of the District of Columbia. On behalf of the Police Association and the line officers of the United States Park Police, I want to thank you for this opportunity to testify regarding staffing shortages within the U. S. Park Police.

Mr. Chairman, the staffing shortages in the Park Police present a serious problem because they prevent us, the Park Police, from providing police protection at adequate levels. During testimony before this committee last year, Jack Fish, Regional Director of the National Capitol Region, testified that there was a shortage of Park Police in the Washington Region, at Golden Gate National Recreation Area in San Francisco and at Gateway National Recreation Area in New York.

Keeping this affirmation in mind, I would like to discuss this matter in terms of police positions, not full time employees. I believe this will more clearly present the Park Police staffing problem. In recent years, the number of U.S. Park Police positions has fluctuated from a low of 573 positions in 1978 to a high of 610 in 1980. Currently, the Park Police are authorized 582 police positions, yet only 530 positions are filled. Of those unfilled positions, 79% fall in the classification of private. The private is the bread and butter of any police agency. It is the line officer who stands between law and order and lawlessness. You can see the dangerous situation created by the shortage in private positions. This amounts to a policy of reduction in force by attrition, which whether written or unwritten, jeopardizes the safety of our park visitors. A climate has been created that invites crime, and possibly terrorism.

Two years ago, a Park Police Officer was wounded and a drug dealer killed in an incident at the foot of the Washington Monument. I am sure you remember the siege by Norman Mayer, who threatened to destroy the Monument with explosives, and the recent bombing in the Capitol. Our Parks and Monuments represent a target for terrorists and they must be well protected.

The Washington Monument, Lincoln Memorial and the Jefferson Memorial are considered primary beats by the Park Police. This means that an officer is to be assigned to each Monument 24 hours a day, seven days a week. In our current situation, this coverage can not be provided. Why? Because the Park Police Central District substation has lost over 23% of their street personnel. I would venture to say that this situation would never occur with the U.S. Capitol Police.

The Central District is not the only district within the Park Police that faces this situation. District five, the Anacostia substation, is performing at 77% of its authorized strength. District four, the Baltimore Washington Parkway substation, is operating at 78% of its authorized strength. District three, the Rock Creek Park substation, is operating at 80% of its strength and district two, the George Washington Memorial Parkway substation, at 84%. In addition, the San Francisco field office, in the Golden Gate National Recreation area, is operating 20% short of its authorized strength and the New York field office, in the Gateway National Recreation Area, is 15% short of its authorized strength. These parks are situated in dense, urban centers which serve as principal East-West ports, inviting millions of international and local visitors each year. The importance of adequate protection for these park visitors and resources cannot be emphasized enough.

I would like to point out, Mr. Chairman, that when I say authorized strength, I do not necessarily mean adequate strength. Authorized strength includes administrative personnel, officers on extended sick leave and officers on special assignment. If you take that into consideration, the percentage of officers we can put on the street shrinks drastically.

Mr. Chairman, I can sit here and tell you about the problems of drinking and driving on our parkways, the vandalism that occurs at our National Monuments, and the drug transactions that take place in our parks. But I think the point is that we, the U. S. Park Police, can not continue to operate at our present level and provide the public with an adequate level of police protection. I feel this situation is unacceptable.

Mr. Chairman, the Congress has authorized and appropriated enough money for every other federal police agency to hire an adequate number of new officers: the FBI, the U.S. Marshall Service, the Capitol Police, the Secret Service and the Drug Enforcement Administration. The U. S. Park Police should be treated the same way.

Prior to 1984, the U. S. Park Police last had a class of recruits in 1979. Since then, we have had only two classes of 24 each. The newest class came out of the academy in February. In Fiscal year 1984, we had 22 new police officers come on the street. During the same period, 15 veteran officers left the force for various reasons and 16 more retired. That left us with a net loss of 8 positions. In fiscal year 1985, the Park Police again hired 24 recruits. As of today, 2 of the recruits have been separated from the force and 7 veteran officers have retired. As of today, we have a net gain of 6 for FY 84 and 85. It is anticipated that 9 more officers will retire before the end of the year, thus giving us a net loss of 3 positions.

The Police Association's confidence in the National Park Service to resolve this issue is hopeful at best. As I indicated earlier, Mr. Fish testified last year that there is a shortage of Park Police. However, Mr. Dickenson indicated that he felt that shortage had to be looked at in relation to overall management of the Parks and considered along with maintenance needs, administrative needs and interperative needs. I do not share that view. Law enforcement and visitor safety have to be a top priority.

I have been advised that the Park Police have no money allocated for hiring purposes for the remainder of FY 85 nor for FY 86. The U. S. Park Police desperately need a supplemental for FY 85 hiring purposes and badly need money budgeted for FY 86. Mr. Chairman, the U. S. Park Police need your help.

Thank you.

STATEMENT OF CHRISTOPHER N. BROWN, CONSERVATION DIRECTOR, THE AMERICAN RIVERS CONSERVATION COUNCIL

INTRODUCTION

Mr. Chairman and members of the subcommittee, it is an honor to appear before you today with the views of the American Rivers Conservation Council concerning the National Park Service budget for Fiscal Year 1986.

My name is Christopher N. Brown and I am the Conservation Director and acting Executive Director of the American Rivers Conservation Council. ARCC is a private, non-profit organization composed of active members dedicated to the preservation of free-flowing rivers. We were founded 12 years ago, are headquartered in Washington D.C. and are the only national organization working exclusively for the protection of free-flowing rivers. Our efforts have focused primarily on bringing eligible rivers into the federal Wild and Scenic River System and providing assistance to state and local groups in their river conservation objectives.

ARCC is particularly concerned with two programs in the National Park Service budget and the plans the Administration has for them in the upcoming fiscal year. These programs that I will be directing my comments towards today are the State and Local River Conservation Assistance program and the Land and Water Conservation Fund.

State and Local River Conservation Assistance

State and Local River Conservation Assistance is found in the Park Service budget under "National Recreation and Preservation Program", subactivity "Natural Program". Despite its virtual burial within the Park Service budget, this program is one we consider to be the most vital and vigorous occurring in river conservation today.

This program assigns Park Service personnel and support services for a wide variety of river planning projects. These range from statewide assessments, such as have been done in Maine, Maryland, and Vermont, to individual river "corridor strategies" and management plans which focus on the resources and needs of one particular stream. Park Service involvement is on a request basis only and almost always involves cost sharing.

Some examples of this program include:

Vermont Statewide Assessment - Vermont is just completing a statewide inventory of all its rivers, with the help of the state and local assistance program. This inventory has looked at the diversity of values of Vermont streams - fish and wildlife, scenic, historic, cultural, and recreational, and helped identify the truly outstanding streams in the state. The Assessment will be the basis for river protection legislation which has already been introduced in the state legislature and for future management decisions.

Northwest Rivers Study - Using a parallel methodology to that used in Vermont, a study is currently underway in Washington, Oregon, Idaho, and western Montana to assess the fine rivers of that region. Cosponsored by the Northwest Power Planning Council and the Bonneville Power Administration, the Park Service is helping develop a plan that will reduce or eliminate future conflicts that may otherwise arise on streams in that region.

Delaware River (Bristol, PA) - Park Service planners will work with the Borough of Bristol and Pennsylvania Commonwealth officials to develop a plan to revitalize the city's waterfront.

Connecticut River (MA) - At the request of the Massachusetts Department of Environmental Management and the Connecticut River Watershed Council, the Park Service is assisting public and private interests in planning for the conservation of lands and revitalization of communities along the river.

These are only four of the more than two dozen projects ongoing or planned for the next fiscal year (a partial list is attached at the end of the testimony). From state and local officials to private organizations and landowners, there is tremendous support and appreciation for this program. This program *is* working, at a *low* federal cost, and has achieved important conservation objectives in its short history.

I should emphasize the cost-sharing aspect of the program. In virtually every project, the state or local entity shares the cost of planning with the Park Service. The Park Service may receive in-kind service or cash contributions. For example, on the Maryland Rivers Study, the state Department of Natural Resources contributed over $18,000 in staff and planning time; the DuPont Company provided $1,500 worth of staff assistance on the White Clay Creek Study; the Schuylkill River Greenway Association contributed planning assistance from its staff valued at $8,000 on the Schuylkill River Study; and Essex County contributed some $2,000 in planning and research assistance on the Boquet River Study. These figures demonstrate that Park Service involvement elicits tangible support of and contributions for each of its projects.

The National Park Service role in these projects is crucial: it is to play the catalyst, to provide the spark. It is the Park Service that takes the initiative to bring together the parties that have interests at stake in river conservation. It is the Park Service that provides expertise and planning assistance including public involvement techniques to the local entity. And it is the Park Service that stimulates, without a heavy federal hand, a cooperation and involvement on important local, statewide or regional river conservation issues.

Unfortunately, the Administration has failed to recognize the benefits in this program and has recommended its termination in the upcoming fiscal year. Thirty staff positions would be lost. Last year the program was funded at just over $1 million. ARCC recommends not only the retention of this program but an increase in funding. Our figures, based on ongoing and requested projects for FY 86, demonstrate a need of $1.833 million for the river conservation program which, along with $.200 million for trails assistance and a modest increase for natural landmarks, would bring the total for "Natural Programs" to $2.688 million.

The increased funding for rivers would allow:

-Computerization and updating of the Nationwide Rivers Inventory which has lain dormant since 1982 and which represents the last 2% of our unprotected free-flowing rivers.
-A series of 15 workshops on local river conservation to be conducted around the country so that the techniques which have been used so successfully in the Northeast can be applied elsewhere.

- The establishment of two additional river conservation programs in regional offices.
- The initiation of four new statewide river assessments in October; seven other states are considering such assessments.
- The undertaking of river conservation plans in ten new states.

The $1.833 million for technical assistance will give the federal government much for its conservation dollar.

The Land and Water Conservation Fund

Historically, the Land & Water Conservation Fund has played a major role in the protection of our federally designated wild and scenic rivers. The monies appropriated to rivers have been particularly helpful in providing access points, purchasing critical riparian habitat, preventing incompatible development, and generally preserving the integrity of the resource that Congress set aside. Under the Land & Water Conservation Fund for FY 1985 the following rivers received funding: the Upper Missouri in Montana, the Upper Sacramento in California, the Flathead in Montana, the Rio Grande in New Mexico, the Obed in Tennessee, the Upper and Lower St. Croix in Minnesota and Wisconsin, the New in West Virginia, and the Salmon main stem in Idaho.

A recent survey by ARCC and Friends of the Earth identified 16 of the 65 federally designated rivers currently in need of some land acquisition monies. Four other rivers, not in the federal system but managed by federal agencies, also have a demonstrated need for acquisition. The total price tag for riparian land protection in FY 86 is $18.07 million.

We believe many of the acquisition needs to be urgent. They must be dealt with in the FY 86 budget or they will represent to us lost opportunities to preserve vital lands. We have identified those most urgent needs on our list by asterisks (*). A sample of some of those urgent needs should prove illustrative:

-The Upper Colorado River in Colorado desperately needs an ingress/egress point for boaters who log 40,000 user days on this stretch of river each year.

-The main stem of the Salmon River in Idaho, is confronted with 4 key riverfront inholdings within a designated wilderness area that may soon be developed as resort lodges.

-The Eleven Point River in Missouri is faced with the possibility of losing a large riverfront tract to subdivision and development. A spring located on this tract provides nearly 50% of the river's water flow.

The above are not the only cases where prompt decisive action is required from the federal government. They are, however, excellent examples of the plight of many of our riverine treasures.

Conclusion

In conclusion, I would like to express my interest in two other items in the National Park Service budget; funding for the rehabilitation and expansion of the electrical system in Yosemite National Park and congressionally-authorized wild and scenic river studies.

My concern is for the former is on the Merced River in Yosemite. It is my understanding that FY 86 construction funds will be used to rehabilitate the in-park electrical distribution system. A follow-up request in FY 87 will be for funds to upgrade the 60 year old dam, penstock, and powerhouse.

Currently, the powerhouse provides electricity for the park during the peak tourist season and, in the off-season, the power is sold to the utility company.

The upgraded hydropower facility will require almost doubling the withdrawal from the river which, during dry seasons, will cause severe impacts on the fisheries in the devastated stretch. Both this question of environmental impact on a popular fishing river, and the broader question of whether it is the mission of the National Park Service to be generating hydropower for sale to a utility deserve the attention of this committee.

My second concern is over the $377,000 recommended by the Administration for completion of wild and scenic river studies. If properly spent, this amount will be sufficient. However, in the past few years, studies have not been completed and are not being sent to Congress in a timely fashion. A recent New York Times article details the consequences of these delays: the rivers are being declared "unprotected" by the Administration. I hope the subcommittee will take a careful look at the Wild and Scenic Studies program and ask the Administration when the studies will be sent to Congress.

Thank you, Mr. Chairman, for this opportunity to testify and I would be glad to answer any questions.

Statement of Ronald J. Tipton, The Wilderness Society

Mr. Chairman and members of the Subcommittee, I am pleased to have the opportunity to appear before you today on behalf of The Wilderness Society's 130,000 members to discuss the proposed FY '86 budget for the National Park Service and the Land and Water Conservation Fund. Our organization is proudly celebrating our 50th anniversary this year; we hope and expect to complete a second 50 years of advocacy on behalf of wilderness preservation and wise management of our federal land system.

Unfortunately, the Administration's budget request for the National Park System is neither wise nor preservation-oriented. The budget request in 1986 for the Park Service is $688 million, a decrease of almost $240 million from the NPS appropriation for FY 1985. This is the largest reduction in funding requested for the Park Service in many years. Furthermore, the budget cuts are not restricted to just a few program areas, but are being imposed virtually across the board. The categories of the Park Service budget that are to be reduced include Operation of the National Park System; Resources Management; National Recreation and Preservation; Construction; Land Acquisition; State Land and Water Fund grants; Historic Preservation grants; Urban Park Recovery grants; and other program areas. In other words, Mr. Chairman, the Administration has decided to take a hatchet to the Park Service budget. In fact, the largest proposed cut in the Administration's entire budget for the Interior Department is for the Park Service.

Land and Water Conservation Fund

I would like to focus on the area of the Interior Department budget which would absorb the largest cuts under the President's proposals: the Land and Water Conservation Fund. The Administration request for the entire Fund is a paltry $15 million, the lowest LWCF request in more than a decade. This is a continuation of a calculated effort by this Administration, initiated by James Watt, to emasculate the Land and Water Fund. Indeed the Land and Water Fund is a victim of Watt's stated objective "to use the budget to make policy decisions."

Why is the Administration trying to get rid of America's most successful land preservation and outdoor recreation program? Why are they requesting a three year moratorium on all LWCF-funded purchases? And why are they reneging on the Presidents' statement during the campaign last October that we now have budgeted for going back to purchasing land for parks?

The answer we get to these questions from the Administration is that the budget deficit requires dramatic cuts in spending. The fact of the matter is that the Land and Water Fund has already been subject to drastic reductions in funding in the past four years. Total LWCF appropriations during the four years of the Carter Administration averaged $600 million per year. In the past four years the average Land and Water Fund appropriation has been less than $250 million per year, though we certainly appreciate the efforts of this Subcommittee to keep the Fund alive and at the highest level possible.

The conservation community has developed its own proposal for the Land and Water Fund for FY '86. We are providing copies of our Conservation Alternative for the Fund to the Subcommittee. As we have done the past four years, the major environmental organizations have collectively assembled a list of federal acquisition projects we believe should be funded. Our data has been gathered from federal agency personnel and citizen groups around the country, and represents the most comprehensive and detailed assessment of federal land acquisition needs available.

In developing our list, we have focused on identifying acquisition priorities where there exists one or more of the following conditions:

(1) Court awards already existing or anticipated for which the federal government has an obligation to compensate land owners;

(2) A serious threat to lands, waters and/or wildlife;

(3) A likelihood of willing sellers and/or hardships to land owners;

(4) An ongoing land acquisition program designed to complete a project within a certain time period.

We have identified about $153.9 million in FY '86 acquisition needs for the National Park Service; $89.75 million for the Fish and Wildlife Service; $83.6 million for the Forest Service; and $8.35 million for the Bureau of Land Management. Our list includes some outstanding scenic, recreational and ecological areas. For example, almost 500 acres of giant sequoias are available for purchase in the Mineral King Valley unit of Sequoia Kings Canyon National Park. Two major inholdings that contain prime grizzly habitat are now for sale within Glacier National Park. The opportunity exists, if funds are available, to protect much of the corridor of the almost 300 miles of the Appalachian Trail in Maine, the most scenic part of the entire 2,100 mile-long trail. More than 50,000 acres of scenic high country in eastern West Virginia within the Monangahela National Forest is for sale from one owner at a very low price. The last stand of virgin western red cedar left on the West Coast will be logged soon if the Fish and Wildlife Service is not able to purchase timber rights to property it now owns in the Willapa National Wildlife Refuge on the coast of Washington. And the BLM could acquire, if funds were available, inholdings from willing sellers in wilderness study areas in eastern Oregon for as little as $80 an acre.

The conservation community also urges that Congress appropriate at least $100 million for the state share of LWCF. During the past two decades LWCF state assistance grants have made possible the completion of approximately 30,000 conservation or outdoor recreation projects nationwide. A survey conducted this year of state LWCF grant offices indicates that state requests for assistance will total $316.16 mil- lion in matching funds for FY '86. A $100 million appropriation would continue the process begun by the Congress the past several years of rebuilding the state share of the Fund.

National Park Service Programs

The total visitation to units of the national park system is predicted by the Park Service to reach an all-time high of more than 350 million visits during FY '86. Yet the Administration is recommending cuts in every major program category for the Park Service, and proposes a net reduction of 224 NPS personnel.

We are most concerned about the following:

Operation of the National Park System - The Administration's recommended reduction of $27.2 million in basic operation funds would result in adverse impact on park resources and a degradation in the quality of experience for the park visitor. We are particularly concerned about the NPS resources management program, which is slated for a reduction of funds of almost $3 million. We believe it is clear the Park Service needs more rather than less funds for basic resource inventories, natural and cultural resource preservation, natural resource specialist training, air quality and acid rain research and monitoring, and other ongoing activites.

This is the highest priority Park Service responsibility, and we urge you to provide at least a $10 million increase in funding for this vital program.

We also believe the Park Service should be required to prepare a second State of the Parks report which assesses the condition of basic park resources and includes recommendations for corrective action. Despite the severity of the problem and heightened public concern about the condition of park resources, the Park Service has refused to initiate such a report. The 1980 State of the Parks report, done at the request of the House National Parks Subcommittee, is an invaluable body of information about threats to park resources, and has given Congress and the public a clear idea of the scope of the problem. The Congress should direct the Park Service to carry out this much-needed analysis during the next fiscal year because it is clear it will not happen through an NPS initiative.

National Recreation and Preservation - The Administration is requesting more than a $2 million reduction in this account from an $11 million program, which covers a broad range of activities relating to outdoor recreation planning, preservation of natural, cultural and historic resources, and environmental compliance and review. More than half of this cutback would occur in the rivers and trails program; the very effective NPS state and local river conservation technical assistance effort would be eliminated. In fact, the Park Service has received requests from 23 states for assistance in FY '86 on specific projects. We recommend the National Recreation and Preservation account be restored to at least FY '85 levels, and State and Local River Conservation be funded at not less than a $1.9 million level.

STATEMENT OF TERRY R. SOPHER, THE WILDERNESS SOCIETY

Mr. Chairman and members of the Subcommittee, I appreciate the opportunity to appear before you today on behalf of The Wilderness Society's 130,000 members to discuss the FY '86 budget for the Bureau of Land Management. The Wilderness Society is celebrating our 50th anniversary this year, and we look forward to continuing our support for wilderness preservation and wise management of our Nation's Federal public land system.

Balanced Multiple Use

It is our view that the Administration budget for BLM once again demonstrates their disregard for the sound multiple use management of the public lands mandated by the Federal Land Policy and Management Act of 1976 (FLPMA). It is clear that they intend to continue to accelerate resource development while failing to properly manage and protect cultural, scientific, wildlife, wilderness and other natural values. For the last four years, they have drastically reduced funding and personnel for the "renewable resources" portion of BLM's budget. This year again, mineral development programs are increased while renewable resource programs lose over $18 million (from the FY '85 level) and another 73 full-time positions.

It is essential that the budget for renewable resources be restored to a higher level adequate to meet several objectives:

(1) completion of a sound inventory of cultural, scientific, wildlife, recreation and other natural values on the BLM lands;

(2) development of effective protection plans for the above resource values; and

(3) adequate on-the-ground resource professionals to implement the protection plans.

These objectives are not even close to being met under existing or proposed budgets. A basic premise of FLPMA was that significant noncommodity values would be quickly identified so that they would not be inadvertently destroyed. Eight years have passed since FLPMA's enactment, and this basic, yet critical, task has not yet been completed. The result is that irreplaceable resources are being lost because of the Administration's focus on developing the public lands.

Wilderness Leasing Ban

As you well know James Watt launched an unprecedented attack on our Nation's wildlands, and he was the first Secretary of the Interior to attempt to lease the wilderness system for mineral development. With your outstanding leadership, Mr. Chairman, the Congress saved the wilderness system by enacting each of the past several years a wilderness leasing ban as part of the appropriation bill for the Interior Department. As you know, the leasing ban was extended to both BLM and Forest Service wilderness study areas because the issuance of leases in these areas would limit the option of Congress to designate wilderness.

Last year Secretary Clark pledged his support for the leasing ban. Subsequently, he proposed to significantly weaken the ban with regard to both designated wilderness and wilderness study areas. Again, with your leadership, the Congress rejected that effort.

During his recent confirmation hearings, Secretary Hodel pledged his strong support for protecting our Nation's wilderness areas. Despite this, the Administration is once again proposing a significant weakening of the wilderness leasing ban. This only underscores the importance of continuing the leasing ban to ensure strong protection for both designated wilderness and for wilderness study areas on BLM and Forest Service lands.

BLM Wilderness Study Areas (WSA's)

As you know, FLPMA section 603 directs the Secretary of the Interior to protect wilderness study areas (WSA's) until Congress decides which WSA's will be designated as wilderness. The purpose of this mandate was to preserve the right of Congress to decide which areas should be permanently protected as wilderness, because Congress would be unlikely to designate WSA's that have been degraded or destroyed.

Unfortunately, the Administration's policies are allowing all kinds of new land uses and activities in WSA's that cause degradation or destruction of wilderness values. These activities include off-road vehicle races, construction of roads, water developments, expanded grazing and range improvements, and various mining activities. If these policies are not reversed, we believe there will be few pristine BLM wildlands left for Congress to designate as wilderness.

Even the weak policies are poorly enforced because the Administration refuses to provide the funds and personnel necessary for enforcement of wilderness protection regulations and policies. Effective enforcement requires that (1) public land users be informed of restrictions, (2) the boundaries of WSA's be clearly marked and mapped, (3) regular on-the-ground patrols be implemented to enforce the protection policies; and (4) willful violations be swiftly acted upon to send the message that violations will not be tolerated.

Based on data obtained from BLM field offices, our understanding is that most of the wilderness budget is allocated to completing wilderness studies on an accelerated schedule. In FY '84 less than ten (10) percent of the wilderness budget was spent on programs to patrol and protect WSA's. This amounts to less than three (3) cents per acre of WSA! In some field offices, their budget only allows "patrols" of WSA's by flying over them once every three or four months. In some cases conscientious BLM managers have attempted to compensate for this situation by relying on citizen volunteers who occasionally drive by an area. While this is a commendable "stopgap" measure, occasional citizen "patrols" are not an appropriate replacement for agency enforcement.

Now we understand that the Administration says that in FY '86 they will spend 15% of the BLM wilderness budget on protection fo WSA's. We believe this is seriously inadequate, and that the wilderness budget is suffering from severely misplaced priorities. Sufficient funding should be shifted from the accelerated wilderness studies to ensure effective on-the-ground protection programs for WSA's. In many instances these studies are seriously deficient because they are being rushed through the process. Furthermore, we understand that in many cases when the BLM land managers complete their studies and recommendations, the studies will be held in Washington for 1-2 or even more years before being forwarded to Congress. If this is so, it seems ridiculous to be spending so much money and effort rushing through shoddy studies which are only going to be "sat on" in Washington. By the time Congress gets such studies, the data will be outdated as well as bad. So we recommend that a total of three million dollars be allocated to protection of WSA's.

Management of Designated Wilderness

The last Congress designated over 350,000 acres of new wilderness on BLM lands. Since many of these areas were designated in spite of opposition from the Administration, it is not surprising that their proposed budget is seriously deficient in providing for sound management and protection of the new wilderness lands. We recently learned of at least one tragic example of what happens to designated wilderness when the Administration lacks a commitment to our wilderness system. Last Fall, Congress enacted Public Law 98-603 designating two wilderness areas and one special management area in the San Juan Basin of New Mexico. The areas were protected by Congress in part because of their fossil resources which are of national and world significance. Sometime in the past six months, BLM personnel discovered that a high quality fossil log and fossil tree stump were stolen from two of the protected areas. Certainly this illustrates how critical it is to require the Administration to allocate sufficient budget to fully protect all of the new wilderness areas without further delay.

The BLM wilderness areas are now in jeopardy as a result of final wilderness management regulations issued by The Department of the Interior on February 25, 1985. The regulations are generally weak, but even worse, they concoct major loopholes for bulldozers to literally plow through the wilderness. As of January 1, 1984, the Wilderness Act closed the wilderness system to mining. Under the law, the only exception is for mining claims on which a valuable mineral deposit had already been discovered by a mining claimant. Even in such a case, the Wilderness Act requires very strict regulation to minimize any necessary disturbance to wilderness values. The Interior Department regulations subvert both of these provisions of the Wilderness Act.

The Interior regulations are directly at odds with the Forest Service policy on mining in wilderness, yet both agencies have the identical statutory mandate. On national forest wilderness, the Forest Service correctly acts to stop all mining in wilderness until "validity examinations" are conducted to see if any valid mining claims exist. Only where a valuable mineral deposit has been discovered, will they allow mining to proceed, and then, it is carefully regulated.

Proper wilderness management requires training of bureau personnel in wilderness management, the development of user information, marking and mapping of legal boundaries, completion of wilderness management plans, on-the-ground professional management, and careful regulation of valid existing mineral rights. The Administration proposed only 5% of the BLM wilderness budget for wilderness management. We recommend a doubling of this amount to ensure proper management, including validity examinations on the 380 mining claims that BLM estimates exist in their designated wilderness areas.

New Revenues

To help pay for proper management of our public land resources, we recommend the imposition of a fee system which will recover full economic value for minerals and forage resources on the public lands.

Grazing Fees. The current fee formula heavily subsidizes grazing on the public lands. In light of the budget deficit and the critical need for restoration programs for million of acres of overgrazed lands, we believe there is no alternative but to recover full market value for public land grazing.

The BLM and the Forest Service have just completed an extensive appraisal of public and private range lands and grazing fees in the West. Their study took into account all relevant differences between grazing on public lands and private lands, and they categorized the lands so that they compared public grazing land to comparable private grazing land. Their study appraised public land grazing in the West as being worth an average price of $6.53 per AUM. This is almost five (5) times higher than the current fee charged by BLM and the Forest Service!

While the Administration's budget proposal does call for an increase in the current fee, it is not even a doubling of the current fee. We recommend that the fee be established to recover full economic value as supported by the professional appraisal study completed by the Forest Service and the BLM. As indicated in the study, it is reasonable to base such a fee on regional variability in productivity of the range. In the past, the fee formula has set a flat rate which is clearly unfair.

Mineral Revenues. We recommend a competitive leasing system for all minerals on the public lands to ensure that the Nation receives fair value for mineral resources extracted from the public lands. Of particular concern is so-called "hard-rock" mining covered by the 1872 Mining Law. Under this antiquated law, minerals are essentially given away free of charge; the public receives no royalties, even on strategic minerals! It is high time to end this giveway program.

LETTER FROM JOHN H. DAVIS, EXECUTIVE DIRECTOR, NATIONAL RECREATION AND PARK ASSOCIATION

April 12, 1985

The Honorable James McClure
Chairman
Subcommittee on Interior Appropriations
U.S. Senate
Washington, DC 20510

Dear Mr. Chairman:

This letter recommends fiscal 1986 appropriations for certain programs within the jurisdiction of your subcommittee and is submitted for the record. We recommend the following:

- $125 million for State and local government participation in the Land and Water Conservation Fund;
- $10 million for the Urban Park and Recreation Recovery Program, directed to innovative and planning grants. Also, we recommend a fiscal 1985 supplemental appropriation of $7.5 million for these purposes.
- Amounts necessary to effectively administer the above grant-in-aid programs;

- $3,006,000 for the National Park Service to participate in authorized interagency and intergovernmental planning, coordination and technical service functions.

The Administration's proposed budget reflects policy and budget decisions which do not differ significantly from previous years. These include:

- Termination of State and local participation in the Land and Water Conservation Fund;

- Termination of the Urban Park and Recreation Recovery Program;

- General withdrawal from any effective Federal participation in policy coordination, technical aid, planning or other intergovernmental functions in the area of parks and recreation.

These proposals fail to recognize that in an era of general constraint on domestic spending modest national incentives can significantly encourage additional efforts by the states, local governments and the private sector. A Federal-State-local partnership to meet recreation needs should continue for several reasons:

- State and local park systems absorb recreation user pressure that, if not directed to non-Federal parks, would exert additional pressure and cost on Federal recreation resources. Curtailed Federal park operations are diverting users to state and other public recreation resources;

- Non-Federal recreation resources meet a variety of interstate and regional demands. State and local recreation resources frequently serve a very mobile, non-resident population;

- State and local governments have demonstrated a continuing commitment to participate in recreation grant programs, despite serious program disruptions in recent fiscal years and fiscal stress involving all levels of government;

- The LWCF grant program provides an effective means to distribute and reinvest in other public resources a small portion of revenues from a depleting natural resource (Outer Continental Shelf oil and gas) and revenues from recreation entrance and other fees.

- Recreation and park systems play a major role in American society, contributing to a wide array of economic, social and environmental values.

The following information supports our views on selected programs:

Land and Water Conservation Fund : The National Recreation and Park Association, in cooperation with the National Association of State Outdoor Recreation Liaison Officers, in February conducted a survey of 50 State Land and Water Conservation Fund grant administration officials to determine the estimated level of LWCF assistance likely to be requested over the next fiscal year. The results of that survey and emerging trends are capsulized below.

- Prior to the beginning of fiscal 1986, the States will obligate or commit the majority of funds apportioned for the present year (fiscal 1985).

- At the beginning of fiscal 1985 (October 1, 1984), 22 states, 4 territories and the District of Columbia had obligated 95 percent or more of all previous appointments. Twenty-eight states had obligation rates of 90 percent or higher.

- The estimated demand for State and local assistance from the Land and Water Conservation Fund in fiscal 1986 is $316.66 million. This represents the requested match, i.e. 50 percent of total estimated project costs, (A state-by-state analysis is attached).

- Many states have placed a ceiling on either State and/or local agency requests. Several states reported a dollar limit ($25,000-$100,000) per project or restricted the number of applications per agency. This tends to distort the "need" estimates and to influence the type of projects for which assistance is requested. Increasingly, State and local governments are not submitting applications because of the decreasing chance for approval. Many officials noted the existence of desirable and eligible projects valued at two to four times the amount likely to be available.

- Recent NPS program data (March 31 report) indicates that the LWCF unexpended balance has been reduced by two-thirds the level occuring at the end of fiscal 1980. On November 29, 1984 the Secretary of the Interior publically recognized the "timely and efficient" management of obligations by 41 states by prorating to them an additional 15 percent of the fiscal 1985 appropriation.

Urban Park and Recreation Recovery Program : The Urban Park and Recreation Recovery Program was authorized in 1978 as a $750 million component of a larger urban revitalization package. Today, approximately $540 million of the authorized total remains unappropriated. Ironically, UPARR was the only part of a larger urban package that ultimtely became law.

The 99th Congress already has pending several bills recognizing what the UPARR program has been specifically addressing--that this nation has an increasing need to restore its aging capital investments. Many of the UPARR projects have restored major older parks, including those planned by the firm of Frederick Law Olmsted, Sr., and associates. Other grants have encouraged and leveraged private sector investments several times larger than the public funds. Employment opportunities are a continuing benefit.

The Urban Park and Recreation Recovery Program complements the LWCF grant program:

- UPARR funds no land acquisition, emphasizes rehabilitation of existing, older parks and recreation facilities, and may be applied to both outdoor areas and enclosed facilities.

- UPARR grants are more commensurate with the needs of jurisdictions that have already made large capital investments over the last 50-100 years. However, within the limits imposed by funding availability, applicant size is limited only by competition with similar cities with similar projects. The award of UPARR grants through national competitions imposes high quality standards.

- UPARR places less emphasis on project-by-project expansion. Instead, it uses project funding to encourage systematic stewardship of existing resources by encouraging an understanding of the relationships between physical facilities, recreation services, and recreation management.

- UPARR requires long-term non-Federal commitments to the operation and maintenance of assisted facilities;it aims to help fiscally-troubled areas, placing greater emphasis on how long-term commitments can be met.

- Innovation and planning grants can focus on systemwide management improvements and better local definitions of funding priorities; they can provide localities with new opportunities to sustain recreation commitments at "steady-state" budget levels through cost-savings in operational programs.

Our UPARR recommendation of $10 million should, we believe, be directed to innovation and planning grants to:

- o to provide, in an era of contraints, models to improve efficiency of park management and the delivery of recreation services;
- o to protect existing Federal investments in local park recovery efforts;
- o to stimulate local implementation and cost effective approaches to recration in local park sytems.

An appropriation in the range of $40-50 million could justify a competitive round of applications for rehabilitation grants also authorized by the act. We urge the Subcommittee to give this proposal its serious consideration.

National Recreation and Preservation Program : The National Park Service, through several authorities, provides different types of professional and technical aid, performs mandated interagency review functions and improves intergovernmental cooperation for parks and recreation resources. These functions are in addition to those directly associated with the administration of grant-in-aid programs. The effective participation of the Service in certain professional and technical functions is in the national best interest. Administration proposals in this area would, for all practical purposes, terminate Service activities in special planning, technical services and policy reviews.

Our recommendation of $3,006,000 includes the following amounts for the functions indicated: development and dissemination of recreation statistics and information, $238,000; activities associated with state plans required by LWCF, $275,000; technical assistance and guidance on state and local river conservation, $1,833,000; technical assistance and planning for national and other trail functions, $200,000; interagency review, evaluation and mandated compliance functions regarding excess and surplus real property, $450,000; reports to Congress on Federal and other recreation fees and visitation, $10,000.

Anticipated circumstances involving surplus real property, and trail and river conservation require special mention. Regarding trails, in 1983 the Congress approved P.L. 98-11 amending the National Trails Systems Act. The act directed the Interstate Commerce Commission to develop regulations regarding recreation use of certain types of railroad rights-of-way, and imposing special demands on private groups or state or local agencies desiring to convert abandoned rail rights-of-way to recreation trails. The public comment period on ICC draft regulations expires April 25. Based on the significant amount of public response, confusion and differing interpretations of the act, we anticipate that the National Park Service will face extraordinary pressure to provide guidance to citizens and governments on this topic. The act also mandates a report to Congress (in fiscal 1985) and bienneally thereafter. Thus, fiscal 1986 will cover the plan preparation period. At present the Service is not prepared to adequately perform these functions.

Regarding assistance and ongoing functions for wild, scenic and recreation rivers, the Service has pending requests involving at least 35 rivers in 21 states. This volume strongly suggests the need for a greater technical capacity. The amount requested will encourage state, local and private river conservation, in lieu of increasing demand for federal protection and management of selected river resources.

Increased excess and surplus real property activity by the General Services Administration, the Department of Defense and others is placing increased demand on the National Park Service. The Service has the statutory obligation to review and make recommendations on the potential recreation value of such property, and to monitor use compliance after a property is transferred. Thorough and timely involvement by the Service can ensure that appropriate public resources are retained for public recreation benefit.

I appreciate your review and consideration of these recommendations; pleast let me know if additional background information will be useful.

Sincerely,

John H. Davis
Executive Director

LAND AND WATER CONSERVATION FUND
ESTIMATED STATE AND LOCAL ASSISTANCE REQUESTS
FISCAL YEAR 1986

(in millions of dollars)

	State	Local	TOTAL		State	Local	TOTAL
Alabama	3.00	4.25	7.25	Montana	3.10	1.80	4.90
Alaska	.35	2.50	2.85	Nebraska	1.00	2.00	3.00
Arizona	.50	4.50	5.00	Nevada	1.47	1.93	3.40
Arkansas	.45	1.40	1.85	New Hampshire	2.14	1.00	3.14
California	2.10	15.00	17.10	New Jersey	2.00	8.00	10.00
Colorado	.54	8.00	8.54	New Mexico	.25	5.00	5.25
Connecticut	.98	7.10	8.08	New York	13.00	14.55	27.55
Delaware	2.00	.70	2.70	North Carolina	1.07	2.16	3.23
Florida	—	8.00	8.00	North Dakota	.99	2.52	3.51
Georgia	1.00	5.60	6.60	Ohio	.00	19.44	19.44
Hawaii	1.99	.27	2.26	Oklahoma	.50	1.19	1.69
Idaho	.60	1.90	2.50	Oregon	.40	2.00	2.40
Illinois	—	8.80	8.80	Pennsylvania	6.01	8.00	14.01
Indiana	2.76	2.70	5.46	Rhode Island	.34	1.53	1.87
Iowa	1.68	1.82	3.50	South Carolina	.65	2.65	3.30
Kansas	.70	2.94	3.63	South Dakota	.75	.71	1.46
Kentucky	.20	2.25	2.45	Tennessee	.65	4.10	4.75
Louisiana	.19	15.65	15.83	Texas	.00	12.00	12.00
Maine	.00	1.06	1.06	Utah	.50	3.50	4.00
Maryland	6.50	1.83	8.33	Vermont	.75	2.00	2.75
Massachusetts	—	4.90	4.90	Virginia	.50	2.00	2.50
Michigan	.40	16.72	17.12	Washington	2.00	4.00	6.00
Minnesota	7.50	5.00	12.50	West Virginia	.35	2.05	2.40
Mississippi	.86	3.25	4.11	Wisconsin	2.50	4.50	7.00
Missouri	.75	4.50	5.25	Wyoming	—	1.45	1.45

Estimated State Requests: $ 75.97 million
Estimated Local Requests: $ 240.72 million

TOTAL ESTIMATED REQUESTS: $ 316.66 million*

*State and local totals do not add due to rounding.

Prepared by National Recreation and Park Association in cooperation with National Association of State Outdoor Recreation Liaison Officers, February, 1985.

STATEMENT OF SUSAN ALEXANDER, ALASKA REGIONAL DIRECTOR, THE WILDERNESS SOCIETY

Mr. Chairman, I am Susan Alexander, Alaska Regional Director for The Wilderness Society. The Society appreciates the opportunity to submit testimony to the Subcommittee on the effects of the proposed fiscal year 1986 budget for Alaska's federal lands.

Alaska's irreplaceable wild lands continue to suffer from the Reagan administration's concerted effort to undermine the conservation goals set by Congress in enacting the Alaska National Interest Lands Conservation Act of 1980 (ANILCA, P.L. 96-487). Once again, the budget is being used to accomplish the administration's development goals at the expense of the adequate research, planning and enforcement necessary to the wise management of Alaska's conservation system units (CSU).

Land Exchanges and Boundary Adjustments

In testimony before this Subcommittee on the FY85 budget proposal, I discussed at some length the problems presented by the abuse of the land exchange (section 1302(h)) and boundary adjustment (section 103(b)) provisions of ANILCA. Since that time, a federal court judge has ruled invalid the land exchange executed by the Fish and Wildlife Service (FWS) for St. Matthew Island. The court found that the exchange intended to allow the construction of an offshore oil and gas exploration support facility on the National Wildlife Refuge Wilderness island was a violation of law. The decision also states that the FWS had clearly erred in their evaluation of the damage that would occur and, consequently in their public interest determination.

The decision of the court affirms the clear intent of Congress that land exchanges are a tool to be used to get incompatible inholdings out of CSUs, not to create them. Nevertheless the agencies continue to pursue such violative land exchanges, even in such pristine areas as the Arctic National Wildlife Refuge. Similarly the Forest Service has all but finalized an illegal boundary adjustment for the Admiralty Island National Monument to free the Noranda Mining Company from the restrictions on their activities so carefully constructed by Congress in ANILCA (section 504).

The Wilderness Society strongly supported the language passed by the House as section 113 of the Interior Appropriations Bill for FY85. The Society urges the Subcommittee to pass, once again, such an amendment to prevent execution of those development oriented land exchanges and boundary adjustments that violate both the letter and spirit of the Alaska Lands Act.

Alaska Land Use Council

The Alaska Land Use Council (ALUC) has become a purely political body being manipulated to counter rather than implement the conservation goals of the Alaska Lands Act. Moreover it has outlived its intended usefulness to facilitate joint federal/state planning and constitutes a considerable drain on the scarce economic and personnel resources of the ten member agencies. Therefore The Wilderness Society recommends zero funding for it.

The FY86 budget proposes $171,000 as the Department of Interior's share of the total cost of the Council. In addition there are hidden costs, in the form of staff time, that distract the agencies from doing the job Congress directed in enacting the Alaska Lands Act. That money would be far better spent directly on resource conservation and management than on a cumbersome committee which is being used by the Reagan administration to weaken the conservation standards of ANILCA.

National Park Service

The national parks in Alaska have suffered from chronic lack of funds and staff since passage of the Alaska Lands Act. Once again, the administration does not intend to correct this insidious situation.

Alaska's 52 million acres of national park lands constitute approximately 67% of the entire National Park System. Yet Alaska receives a scant 1.8% of the total National Park Service (NPS) budget. Furthermore there was an 18% increase in visitor use in Alaska in 1984 as compared to a 1% increase throughout the rest of the system. Though for the most part Alaska's parks should not be subject to the kind of intensive management required for the parks in the other 49 states, such dramatic increases in visitor use do give rise to conflicts. Only careful planning, management and enforcement will prevent the degradation of Alaska's extremely fragile natural wonders.

Adequate staffing is critical to the proper management of the parks. At present, there are only 29 full time permanent field rangers, i.e. 1 field resource and visitor protection employee for every 1.8 million acres. Similarly with only 10 resource management specialists, each is responsible for about 5.2 million acres. Furthermore there are only 3 professional wildlife biologist positions for Alaska's national parks, all of which preceded ANILCA. No new positions have been added. Finally 5 national park units are still without an individual assigned sole responsibility for them: Noatak and Kobuk National Parks, Cape Krusenstern and Aniakchak National Monuments and Alagnak Wild River. A 30% increase in the region's land management budget is necessary if the NPS is to do the minimum necessary properly to care for Alaska's parks.

Inholdings in Alaska's national parks present a major threat to park and wilderness resources in the form of both resource and real estate development. Opportunities do exist to purchase, on a willing seller basis, some of the more imminently threatened areas. Critical areas are available in, among others, Lake Clark, Gates of the Arctic and Glacier Bay National Parks. On the upper Noatak River in Gates of the Arctic are two available parcels, one 5 and the other 160 acres. The purchase of these tracts at a cost of under $100,000 will result in the protection of about 1.5 million acres of pristine wilderness in the middle of the crown jewel of America's national parks. In Glacier Bay, about 150 acres on Point Gustavus at the magnificent entrance to the bay are for sale. The alternative to purchase by the federal government is the possible construction of a hotel that would taint the first park view of the many visitors that arrive by boat. The Wilderness Society urges the Subcommittee to appropriate $5 million, at a bare minimum, for land acquisition, so that the NPS can respond to hardship cases and forestall imminent development threats.

Native allotments constitute part of the inholding threat to both parks and national wildlife refuges. Funds are needed by both agencies to review and evaluate applications. Action has already been taken on the large majority of the claims. Hence the $1,784,000 requested for the Bureau of Indian Affairs for this purpose seems excessive, considering that much of their work duplicates that of the Bureau of Land Management (BLM). This amount and any excess in the BLM budget should be reduced with the excised funds given to NPS and FWS for their review programs.

The NPS is still in the middle of its planning process, yet the administration proposes to reduce the already inadequate planning budget. In addition, the funding for studies is being cut. Proper research and monitoring are the foundation of good management and planning. The studies budget should be doubled, 5 full time equivalents (FTE) added and the planning budget should at least be frozen at its FY85 level.

Fish and Wildlife Service

Alaska's 16 national wildlife refuges (NWR), about 76 million acres, constitute 85.5% of the whole refuge system, but continue to receive only a small fraction of the total Fish and Wildlife Service budget. Overall the administration proposes to cut Alaska's resource maintenance and protection budget by $1.2 million. This reduction will come out of the Accelerated Refuge Maintenance Management (ARMM) program which, in Alaska, is used for such purposes as population inventories and studies. The Wilderness Society urges the Subcommittee to restore this funding, and to redirect it to the more appropriate refuge operations account.

The comprehensive conservation planning process for the refuges is not scheduled for completion until 1987. Thus far, only 4 plans have been issued in draft form, none are final. Yet the administration proposes to reduce the already inadequate planning budget by $456,000. The FY86 budget should be increased to ensure the high quality plans necessary for wise management of Alaska's precious refuges.

The seismic oil and gas exploration that occurred last year on the Arctic National Wildlife Refuge (ANWR) caused some damage to the coastal plain. The exact extent and long-term consequences are still unknown, but the FWS, nevertheless, approved a very extensive second season of exploration rather than the minimal infill program anticipated. Not only is this program far in excess of the reconnaissance (as opposed to prospecting) program mandated by Congress (ANILCA, section 1002), but it could be jeopardizing the very wilderness resources Congress sought to protect through the study process. The Wilderness Society urges the Subcommittee to examine the section 1002 program and ensure that a third season of exploration does not occur. In addition, the development oriented 1002 program accounts for about 90% of the refuge's budget, leaving a paltry amount for the management of the remaining 17.5 million acres of the refuge.

At a time when essential wildlife research on ANWR should be taking place, the administration proposes to cut the ANWR budget by $217,000 and 2 FTEs and to reduce the amount allocated to studies on the coastal plain by $190,000. These amounts should be restored to their prior levels with the clear mandate that funds are to be directed to doing the biological studies necessary to management of the entire refuge. The FWS also needs $720,000 to do biological studies on the remainder of the North Slope to prevent resource degradation in the face of potential development.

The 20 million acre Yukon Delta National Wildlife Refuge provides critical habitat for declining Arctic nesting goose populations. Increased funds are needed to continue a program of working with the large Native population living within the borders of the refuge to do the required population surveys and subsistence studies on which the future of these threatened species depend. However the administration proposes a $204,000 decrease in the refuge's budget. The Wilderness Society urges the Subcommittee, at least, to maintain the FY85 budget level and to appropriate $300,000 for enforcement and for this important cooperative study.

The plan for the Kenai NWR has almost been completed. One million dollars are required for its implementation on this very heavily used refuge. The Society recommends that the Subcommittee specify that a major portion of such funding be spent on wilderness management and to undertake the kinds of biological studies needed to meet the Congressional mandate for the refuge to "conserve fish and wildlife populations and habitats in their natural diversity."

The walrus and polar bear are vital international resources for residents of Alaska, Canada and the U.S.S.R., but little is known about their populations and what impact development will have on them. The FWS needs $350,000 to undertake the studies necessary to protect these important species.

Bureau of Land Management

BLM has completed the plans for the Steese National Conservation Area (NCA) and the White Mountains National Recreation Area (NRA). Though the final plans are an improvement over the drafts, they still do not go far enough to protect these areas so rich in wildlife and so valuable for recreation. One major flaw of the plans is that the wilderness potential of the areas was not considered because of a directive long ago issued by former Interior Secretary James Watt. That policy directive specifically prohibited the consideration of wilderness on Alaska's BLM lands.

The Steese and White Mountains areas have high wilderness potential, particularly the primitive areas recognized by BLM in the plans, but a formal study should be undertaken and a recommendation made to Congress for inclusion of the appropriate areas in the National Wilderness Preservation System. The Wilderness Society recommends the Subcommittee appropriate the funding necessary for BLM to perform a thorough wilderness study of the Steese/White Mountains areas and to urge Secretary Hodel to rescind the Watt wilderness study prohibition.

In the final plans, BLM included a zero discharge water quality requirement for certain tributaries to Birch and Beaver Creeks, designated wild and scenic rivers that run through the areas. However it was then downgraded to the state standard which could result in new development on the presently pristine tributaries. Maintaining the water quality of the clear flowing Beaver Creek and improving the quality of the muddy Birch Creek should be high priorities for BLM. Yet they fell back from their laudable effort in this direction. Furthermore the administration has not proposed any funding for enforcement of water quality standards to ensure the use of the best practicable technology for placer mining. Finally there is no individual permanent employee assigned to either the Steese or White Mountains areas to monitor the various uses. BLM needs $1.3 million in order to perform the management and enforcement functions required for these areas.

While a mere $500,000 is proposed for land management of BLM's ANILCA lands, $2.4 million is requested for BLM's Non-North Slope Leasing program. This extremely costly program has resulted in neither the production of oil and gas nor has it given rise to any evidence it will do so in the future. Meanwhile BLM is selling leases to speculators who then subdivide and resell the leases at a profit. The result is significant losses to the U.S. Treasury. The Wilderness Society recommends that this $2.4 million request be redirected to BLM's land management and conservation programs.

STATEMENT OF WILLIAM D. BLAIR, JR., PRESIDENT, THE NATURE CONSERVANCY

Mr. Chairman, members of the Subcommittee, my name is William Blair and I am the President of The Nature Conservancy, a non-profit national land conservation organization. I would like to thank the Committee very much for the opportunity to submit for the record The Nature Conservancy's views on the Department of Interior's proposed budget for Fiscal Year 1986. The Nature Conservancy recommends that the Land and Water Conservation Fund, both federal and state shares, be funded at the same levels as Fiscal Year 1985 -- $230 million and $75 million respectively. We also recommend that $65 million be appropriated to carry out the functions of the Endangered Species Act.

The Nature Conservancy continues to share the Administration's view that strong measures to reduce the federal deficit and bring economic recovery are necessary. We have understood and accepted the need for cuts in government programs, including those programs in which we have a particular interest. We are doing our utmost to help reduce the very large gaps left by these cuts in the national and shared effort to preserve the best and ecologically most important of our remaining natural lands and waters. In the last year alone, The Nature Conservancy, as the largest private purchaser of natural lands for conservation in this country, acquired 311,846.36 acres with a fair market value of approximately $70,952,598.

We cannot, however, support the funding levels currently proposed for the Land and Water Conservation Fund, for which the Administration seeks only $13 million for Fiscal Year 1986 (this is for deficiencies and emergencies only). In addition, the Administration is proposing a three-year moratorium on any federal land acquisition for conservation. That may be penny-wise, but pound foolish. A moratorium on federal land acquisition would mean the permanent loss of unique natural systems and species -- irreplaceable natural and genetic resources -- which no amount of private effort can hope to avert or restore. What would be lost could never be replaced.

On the broadest level, the Land and Water Conservation Fund exists to support the preservation of the best and most important remaining examples of the different kinds of natural lands and waters, with the animal and plant life they support, with which this country has been richly endowed. These natural areas are disappearing at an alarming rate. Our preservation effort must be correspondingly urgent and strong or they will come too late. For example, since the mid 1950's, more than 4.7 million acres of inland marshes and 6 million acres of forest wetlands have been destroyed - developed, paved, drained, dammed, built-on, timbered and otherwise altered. Ninety-three percent of our bottomland hardwood forests, a part of the cultural as well as natural history of the South, has disappeared; the remainder is being lost at a rate of ten percent a year. Of the nation's original wetlands, estimated at 215 million acres, fewer than 90 million remain. Other ecosystems, such as the grasslands of the West and Midwest, and the maritime forest of the Atlantic Coast, are disappearing rapidly too, leaving only small and scattered fragments behind.

These and other parts of this country's rich natural heritage must be protected in this decade, or not at all. The Land and Water Conservation Fund is the major federal fund contributing to this objective. If the Fund is to be funded at the proposed levels, then these precious natural areas will continue to shrink. This Committee, however, has shown its commitment to the Land and Water Conservation Fund and its goals, by consistently approving funding levels higher than those requested by the Administration. We applaud that judgement and urge the same course of action in this year's budget. We believe that the Land and Water Conservation Fund should be funded at a level that is at least equal to the approximately $230 million approved by this Committee in the Fiscal Year 1985 Interior Department Appropriation.

Even at this level, the federal commitment to land preservation continues to wane. As the largest private purchaser of natural lands, The Nature Conservancy has been doing what it can to fill this gap. Over the years, as members of this Committee know, The Nature Conservancy has assisted various federal agencies, at their request, in their efforts to protect endangered and threatened species and ecosystems through cooperative acquisitions. Our participation in these cooperative ventures has had many advantages for federal agencies. A GAO report released three years ago, entitled "Federal Land Acquisition and Management Practices", outlined these advantages. As a private organization highly specialized in this work, we can move quickly on a purchase which would take the federal government time. We regularly acquire land without the threat of condemnation, or in cases where a landowner may not care to deal with government. We can often acquire land at bargain rates where government would have to pay full market value. When we resell the property to the federal government, we do so at a price that reflects only what The Nature Conservancy paid for the land plus our expenses. Over the past twenty years, in addition to establishing 700 preserves of our own, we have assisted the federal government with $150 million worth of land acquisitions -- at an estimated savings to the government of around $50 million below fair market value.

We are respectfully requesting that this Committee approve the necessary funds from the Land and Water Conservation Fund to acquire fee title to lands in three project areas where The Nature Conservancy has been working cooperatively with the United States Fish and Wildlife Service. Two of the projects, one the habitat of the Coachella Valley fringe-toed lizard ($5 million) and other rare desert species, and the other the home of the globally unique Hawaiian Forest Birds ($6 million), are critical habitat acquisitions under the authority of the Endangered Species Act. The third project, Sheffield Island ($1,000,000), is for an already authorized addition to the Connecticut Coastal National Wildlife Refuge. Let me briefly describe each of these projects.

The Coachella Valley project is a remarkable example of public and private sector cooperation. Environmentalists and developers alike have been working successfully over the past three years, with the help of this Committee, to establish a preserve for the federally listed fringe-toed lizard (*Uma inornata*). Because of the exceedingly high land values in the area, private and public interests have both been contributing to this project proportionately to their respective capabilities. The Conservancy will contribute $2 million through private fundraising (we have almost achieved that goal) and has secured options on the necessary property; the California Wildlife Conservation Board will contribute $2 million; local developers will contribute upwards of $7 million, through mitigation fees established by local jurisdictions and supported by the developers; the Bureau of Land Management will contribute $5 million through land exchanges, and the Fish and Wildlife Service $10 million. The Habitat Conservation Plan has been completed and is supported by all the parties in question. Last year the Congress, with this Committee in the leadership role, approved an appropriation of $5 million for this priority project. I respectfully request that this Committee take the same action this year, thereby providing the Fish and Wildlife Service with the necessary funds to complete the project.

The Connecticut National Wildlife Refuge was established by an Act of Congress last year. The Refuge boundaries include three islands off the coast at Norwalk and a nearby promontory that provide vital nesting sites for the Atlantic Flyway, and habitat for the threatened piping plover and various species of heron. Of the three islands involved (Chimon, Sheffield, Faulkner) and Milford Point, one is already in federal ownership (Faulkner), and Congress appropriated $1.3 million last year for the acquisition of Chimon. The Nature Conservancy assisted the Service in the acquisition of Chimon and, at the Service's request, we are currently assisting it with efforts to protect Sheffield as well. The $1 million would add Sheffield to the Refuge and would bring the Service one step closer to completing the work on the Connecticut Coastal National Wildlife Refuge.

The Hawaiian Forest Birds project is another excellent example of a cooperative effort between the private and public sectors. The upper Hakalau Forest, on the slopes of Mauna Kea on the big island of Hawaii, contains some of the finest stands of koa-ohia and ohia forests remaining in the state (and in the world). At least five federally-listed endangered forest bird species and the endangered Hawaiian hoary bat, Hawaii's only terrestrial mammal, are found in the area. It is considered to be essential habitat as identified in the U.S. Fish and Wildlife Service Recovery Plan prepared for four of the endangered forest birds of Hawaii. In recent discussions with several other private landowners, The Nature Conservancy learned that at least three of the private landowners are considering selling their interest in these lands. It is likely that any new owners would consider wood-chipping, logging, or clearing of the forests for cattle grazing as means of recovering their investments. In addition, expanding populations of feral pigs and increasing encroachment by cattle and exotic vegetation are threatening to destroy the native forest. It is critical that we pursue the acquisition of these private parcels right away. To delay the process by even a year could mean a sale or sales in the interim to other, possibly non-conservation-oriented parties. With the $4.41 million appropriated in 1985 for this project, the Conservancy intends to acquire the Shipman and Liliuokalani Trust lands and transfer them, is estimated that an additional $8.5 million will be necessary for the FWS to acquire interests in the remaining critical habitat. The Nature Conservancy recoginzes that that is a large sum and feels that $6 million next year ought to be sufficient in sustaining the necessary progress on this project.

I would like now to turn to the state side of the Land and Water Conservation Fund. Surprising as it may seem, neither the federal government nor the governments of nearly half of our fifty states, nor any other public or private authority, has a comprehensive inventory of the natural lands, waters, plants and animals of our national and state territories. Important decisions are being made every day about both land conservation and development, largely in ignorance of the ecological significance of the land in question -- including the basic facts on how much of which types of land and their fauna and flora we have left.

In recent years, we have paid for this ignorance in wasteful environmental vs. developmental conflicts, many of which could have been avoided if timely information had been available. To correct the situation, more than half of our states have taken steps to initiate an ongoing inventory process and data base, called a Natural Heritage Program, and these states have been assisted in this effort by The Nature Conservancy. An example of data produced by a Heritage Program that resulted in solving a conflict is:

o In Florida, Seminole Electric Cooperative narrowed selection of sites for a coal-fired electric generating plant to two locations. The preferred location was Alum Bluffs, an area adjacent to the Appalachicola River. The State Department of Environmental Regulation asked the Heritage Program to provide detailed ecological data on the site. After reviewing the biological data, the Cooperative chose another locality.

Public agencies, private corporations, and individuals all can draw on this inventory data in forming their plans, whether for development or for conservation purposes. The federal government can use these inventories in establishing priorities both for land preservation and in locating highways, dams, and other construction sites for plants, utility lines, and access roads, so as to avoid, or at least minimize, potential environmental controversy and litigation. An example of the importance of this kind of information is:

o The Washington Heritage Program located Howellia aquatilis (howellia), known from four sites only, in a grazing allotment within a National Wildlife Refuge. Heritage worked with the Refuge staff to develop a management plan for the area. Eventually, based on a Heritage recommendation, the area was added to an existing Research Natural Area (RNA) and fenced.

The state grants program of the Land and Water Conservation Fund has been one of the major sources of funding for these Heritage Programs. The Administration, however, proposes once again to eliminate state grants for next year. We urge the Committee to reject that request and fund the state grants program at a level at least consistent with the $75 million approved for this year. Under the Administration's proposal it will be very difficult to prevent wasteful interruption of the new inventory processes in a number of states and even more difficult to launch these programs in the other states which still need them.

Under the Administration's budget, funding for the Endangered Species Act in the Fish and Wildlife Service is proposed at $26,858,000. We believe that figure to be inadequate and strongly recommend to this Committee that $65 million be appropriated to carry on the functions of the Endangered Species Act in all federal agencies.

Since 1973, the list of threatened and endangered species has increased by 429 speices, an average of 39 per year. Currently, however, there exist more than one thousand additional candidate species for which it has already been determined that there is sufficient information to warrant considering them for the list. These proposals cannot be processed because of inadequate manpower and resources at the Office of Endangered Species (OES). Even if this backlog of candidate species were to be processed at the current rate, it would take more than twenty-five years to add them to the list. Under current conditions, the OES cannot even begin to address the literally thousands of other species that are suspected to be in a threatened state. We urge the Committee to appropriate $15 million for the listing process and to require that adequate funds be applied to the addition of the necessary personnel at OES to help alleviate this tragic backlog.

The Section 6 program of grants to the states is, in our opinion, the key element of the Endangered Species Act. The cooperative agreements between the federal government and the states that the Section 6 program fosters are the backbone of the recovery and data-gathering process. When this program was launched in 1976-77, there were 16 cooperative agreements. Today, there are cooperative agreements with 44 states for wildlife and an additional 15 for plants. That is nearly a four-fold increase in the number of agreements. Tragically, however, the dollars available to the Section 6 program are no greater today than in 1977. For Fiscal Year 1985, the Section 6 program was funded at $4 million. The OES, however, received applications for 296 projects totalling $13.7 million. With the monies available, it was able to fund only 146 of those projects, less than half. If the Section 6 program is to function at a level commensurate with its need, it must receive more funds. In addition, the matching grants nature of the Section 6 program increases the power of the federal dollar. We urge that this Committee appropriate $15 million for the Section 6 program.

We believe it is important that the U.S. Forest Service (FS) and the Bureau of Land Management (BLM) have sufficient funds appropriated to manage endangered species on their lands. There are currently 73 listed species that occur on National Forest lands and 86 on BLM lands. Unfortunately, not enough attention and effort is being devoted by these agencies to meet their obligations to these species under the Endangered Species Act. Currently only 7% of the FS's Wildlife and Fisheries budget ($36.607 million) is being used for conservation of endangered species. Even though the funding for BLM's endangered species program is at an all-time high, BLM has been able to implement only 26 of the 44 recovery plans for species occurring on its lands. We recommend that both the FS and the BLM devote at least $5 million each to endangered species conservation.

The recovery process, international work, and law enforcement components of the Endangered Species Act are all vital elements of species preservation. Each of these areas could also use more resources just to stay even with their obligations under the Act. We recommend that an additional $20 million be appropriated for these purposes.

We are, of course, keenly aware that the current economic situation presents Congress with very difficult choices. We do not make our recommendations lightly. There is an urgent need to act systematically and effectively to protect the most critical of the fast-dwindling biological resources of our country. We are consuming our natural capital at an alarming rate. Once consumed, this capital cannot be recaptured. Our children and grandchildren will suffer the consequences. Our generation has a heavy responsibility to our successors to act now before it is too late. This issue deserves all the attention and every dollar of resources that this Committee can muster for it.

LETTER FROM CHARLES L. BOOTHBY, EXECUTIVE VICE PRESIDENT, NATIONAL ASSOCIATION OF CONSERVATION DISTRICTS

February 14, 1985

Honorable Frank McClure
Chairman, Subcommittee on Interior
and Related Agencies
Senate Committee on Appropriations
114 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator McClure:

It is our understanding that the Subcommittee on Interior and Related Agencies does not plan to hold hearings for outside witnesses this year. Please consider this letter and the enclosures as a Statement For The Record.

At its Annual Convention on February 5, 1985 the Council of NACD deliberated on what levels of funding to propose for FY86 for a variety of federal conservation programs. The two major and opposing concerns were the huge federal deficit on the one hand and the tremendous unmet land and water resource needs on the other hand.

It was finally agreed that this association would favor a Hold the Line Budget, requesting appropriations at the FY85 level for FY86. This request is predicated on all federal departments and agencies be treated on an equal basis.

Enclosed is a copy of our Combined Funding Resolution for your consideration.

Sincerely,

Charles L Boothby

Charles L. Boothby
Executive Vice President

NACD FISCAL YEAR 1986 FUNDING RESOLUTION

To treat every acre of land according to its needs is still the basic tenant of conservation district philosophy. However, the number of resource problems that the districts are faced with and are being asked to solve has increased to the point that they cannot service all of the requests they receive. The limiting factor in the districts ability to provide the technical and cost-share assistance necessary to maintain resource quality is money.

The job of providing support to the districts is no longer exclusively the federal government's. Today more than ever before we are seeing a concerted effort to combine local, state, and federal funds into a comprehensive package to address resource concerns. Recent estimates from USDA's Soil Conservation Service show that state and local governments provided $247 million in 1984 for district services. Keeping our conservation programs strong will require the continuation of this cooperative effort.

On the other hand, we all realize the problems that a large federal deficit causes all sectors of the economy. NACD would like to see a stronger federal committment to resource conservation, but we also recognize that the treasury is not a bottomless well. In light of the grave economic conditions of today, we feel that it would be unconscionable to request large increases in federal outlays. We are willing to help bring the deficit under control, but we will remain unyielding in our defense of a basic program to address this country's resource problems.

NACD has identified what we feel is the size of federal committment to conservation that would allow us to make real headway against soil and water degradation under the Resource Needs column. While that remains our goal, NACD recommends holding the line on all federal appropriations at fiscal 1985 levels until the federal deficit is reduced.

Moved by Oregon, seconded by Arkansas. Amendment moved by Kansas, seconded by Nebraska. Adopted as amended.

PROGRAM	FY85 BUDGET	FY86 BUDGET	RESOURCE NEEDS	NACD RECOMMENDATION
			(in million dollars)	
FOREST SERVICE				
24. Forest Pest Management	28.9	18.6	31.0	28.9
25. Rural Fire Protection	13.7	3.2	22.7	13.7
26. Forest Mgmt. & Utilization	10.8	4.9	26.0	10.8
27. Range Management	28.1	27.5	30.0	28.1
28. Range Betterment Fund	4.0	3.9	6.0	4.0
BUREAU OF LAND MANAGEMENT				
37. Soil, Water & Air Management	16.5	10.0	17.0	16.5
38. Grazing Management	31.6	26.0	40.0	31.6
39. Wildlife Habitat Management	15.8	11.0	20.0	15.6
40. Wild Horse & Burro Program	16.7	5.5	7.0	7.0
U.S. GEOLOGICAL SURVEY				
41. Topographic Surveys & Mapping	93.6	83.8	98.3	93.6
42. Water Resources Investigation	131.6	129.5	138.2	131.6
FISH & WILDLIFE SERVICE				
43. Animal Damage Control	19.5	19.3	20.5	19.5
44. Fishery Research & Develop.	11.1	10.9	11.7	11.1
45. Fish Hatcheries	24.5	24.0	25.7	24.5
46. Refuge Fund	5.6	5.6	5.9	5.6
47. Anadromous Fish Program	4.0	-0-	4.2	4.0
48. Cooperative Research Units	4.7	4.6	4.9	4.7

STATEMENT OF J. JACKSON WALTER, PRESIDENT, THE NATIONAL TRUST FOR HISTORIC PRESERVATION

Mr. Chairman and Members of the Committee, we thank you for your indispensable past support and ask your help in continuing the nearly two decades of Congressional commitment to preserve our nation's historic heritage by working through the National Trust for Historic Preservation. We request $4.5 million to maintain a level of funding consistent with our requests and your recommendations of the last four years.

We make this request because a nation is defined by more than its physical borders. It is defined by its people -- both individually and collectively -- and the sense of national identity that binds them together as a national community. It is the responsibility of America's leaders to promote and sustain an American identity from which flows strength, patriotism, and a willingness to work together to nurture the economic and social prosperity of our nation.

In a country as diverse and constantly on the move as ours, the maintenance of a common identity is particularly important. The physical reminders of a shared past — the buildings, neighborhoods, main streets — play a critical role in defining and reinforcing a uniquely American identity. In recognition of this role, Congress wisely established a national policy to preserve those local, state and national landmarks that comprise our historic heritage. That policy is still relevant and represents an ongoing commitment.

Congress chartered the National Trust in 1949 and authorized its receipt of federal funds by the National Historic Preservation Act of 1966 to help fulfill this commitment in the private sector. Using the National Trust as a private-sector mechanism to assist in implementing the nation's preservation program has proven very successful. We are producing results and mobilizing people to action.

We carry out our charter and legislative responsibilities by putting our annual appropriation to work in a variety of creative ways. The matching grant serves the American public by assisting Congress and the National Trust to:

- Save and preserve nationally significant properties

  We make history come alive at the 15 historic house museums we own on behalf of the American people. We recently acquired our eighth National Historic Landmark, Montpelier, which was the home of the fourth President of the United States, James Madison. We share the knowledge gained at our own sites with other historic property owners through an aggressive outreach program. Further, we protect 60 additional properties through our easement program.

- Mobilize private sector preservation with technical expertise

  Our foremost catalytic tool to spur private preservation work is our staff's expertise. Headquarters and regional staff helped more than 30,000 individuals and organizations last year and travelled to more than 900 communities to give requested on-site evaluation and advice.

  For example, the National Trust's legal staff helped draft the technical preservation sections of a new downtown plan for San Francisco. Recently, our General Counsel presented expert testimony to the city on the plan's sophisticated development rights transfer system that will contribute significantly to the protection of the city's historic buildings.

- Stimulate private investment with financial assistance

  Our financial programs are extremely effective and leverage additional private dollars for preservation. 146 projects in 37 states received National Trust grants and loans last year. These projects totalled over $22 million. Each National Trust dollar generated an average additional $9 of investment and, in some cases, the ratio was as high as $14 to $1.

  The long-term, direct effect of our help is illustrated by a $600 grant we awarded to start the Historic Preservation Fund of North Carolina. Within a two-year period, endangered historic real estate with a fair market value of over $1 million was purchased and resold for rehabilitation with protective covenants. The ultimate private investment will be more than $3.2 million.

- Educate the public about preservation values and techniques

  We directly reach grassroots America. As a chartered educational institution, we inform the public through conferences, publications and special events, such as our National Historic Preservation Week. Over 10,000 people registered for our conferences last year. 225,000 people regularly read our newspaper and magazine. 40,000 National Trust books were sold in 1984. Over 100,000 of our various technical "how-to" sheets are in the hands of the public. Our best seller What Style Is It?, a guide to architectural styles in America, is currently in its tenth printing and recently won a federal design award.

- Lead the private-sector with innovative ideas and model programs

  The National Trust continues to broaden the application of preservation to today's problems. For example, we have shown small town communities how to reverse downtown decay through our Main Street program. We now plan to transfer this successful revitalization approach to the downtown and neighborhood business districts of large cities.

No other single organization provides these services. Each supports federally-stated goals and underscores the reasons Congress originally decided to create a National Trust and the matching grant program. We provide national perspective and reinforcement of the national commitment to keeping our heritage a vital force in the country.

And it's working! Throughout the nation, Americans are showing -- through their actions, contributions and investments -- that preserving the past is important to them.

- Private investors put more than $2 billion annually into certified historic rehabilitation projects. Homeowners spent an estimated additional $11 billion on their old and historic buildings.

- 26 million families choose historic areas as their vacation destinations each year. States and cities are attracting new investment and new residents by featuring their historic areas as evidence of a superior quality of life.

- 20,000 people from 2,900 small towns spent a day last September learning how to use preservation to revitalize their downtowns during the largest national videoconference ever held. This videoconference was sponsored by the National Trust's National Main Street Center.

- Private contributions for preservation are on the upswing. The National Trust alone has increased our private donations by more than 200% since 1981. The number of individual donors has more than quadrupled in the same period and the number of corporate donors has almost doubled.

- 160,000 people are members of the National Trust, an increase of 20,000 members since last year.

These numbers prove that today, more than ever, people are recognizing that historic preservation is integral to maintaining our national identity and, therefore, a strong and energized America.

The National Trust is eager to honor our commitment to the Congress and the American public to celebrate, preserve, and put to work our historic resources.

To do so, the federal dollars are critical. The fact that corporations, foundations and even individual donors like to earmark their contributions for specific, high visibility projects, such as our individual properties or our Inner-City Ventures Fund, makes the federal matching grant essential to the National Trust. It represents one-third of our annual unrestricted funding.

It is necessary to maintain the underlying foundation of support for the important programs which allow us to promote and implement the nation's preservation policy by catalyzing private involvement in preservation work.

Loss of the federal grant would result in a dramatically less effective National Trust. Our priorities would be dictated by the availability of money for specific projects rather than upon a comprehensive evaluation and decision process. We would be forced to severely curtail our work with the individuals and communities who depend on us to facilitate the exchange of information and to provide the direction and technical expertise desperately needed to make preservation a reality in the private sector.

The inevitable result would be the unnecessary loss of irreplaceable historic buildings, archaeological sites, and objects, such as ships. We would be left with a distorted view of our historic legacy, thereby undermining the base upon which rests our identity as an American people.

The National Trust purposely has not asked Congress for more money in recent years in recognition of the overall federal budget picture. Nor are we asking for more in 1986. We ask only for the minimum amount needed to fulfill our reponsibilities to the public and to keep doing the job Congress created us to do.

The states, too, stand ready to continue their commitment. The state historic preservation offices help the federal government identify and nominate properties to the National Register of Historic Places, certify projects for use of federal tax incentives, review federally-assisted projects that may affect historic properties, and approve local governments for participation in the national preservation program. The National Trust strongly endorses their work and supports their appropriation request.

For the last four years, a zero funding proposal for programs supported by the Historic Preservation Fund has been placed before you. Each year you have deliberated and concluded that the public-private alliance established by the Congress for the protection of our historic resources has been successful and should continue to receive federal financial assistance. We respectfully urge you to again affirm your long-standing commitment to the national preservation policy by recommending an appropriation of $4.5 million for the National Trust for Historic Preservation and $22.5 million for the state historic preservation offices for Fiscal Year 1986.

STATEMENT OF AMY SKILBRED, ALASKA PUBLIC LANDS SPECIALIST, DEFENDERS OF WILDLIFE

Mr. Chairman, I am Amy Skilbred, Alaska Public Lands Specialist for Defenders of Wildlife. Defenders appreciates the opportunity to submit testimony to the Subcommittee on the proposed federal budget for the Department of the Interior. My testimony addresses the FY86 budgetary changes needed for implementation of the Alaska National Interest Lands Conservation Act (P.L. 96-487).

Unfortunately, during the past four years the careful balance crafted by Congress in passing ANILCA has been successfully disturbed as increasing weight has been given to resource development at the expense of resource protection. Much of the current imbalance is due to the heavy emphasis Interior has placed on funding for the development portions of the Act and the comparatively insufficient funding of the resource protection mandates. Nowhere is this continuing funding imbalance more clearly displayed than in the Department of Interior's ANILCA funding summary. (Defenders is pleased to see that this summary is once again included in The Interior Budget in Brief.)

Ideally, Defenders would like to see sufficient funding for all sections of the Alaska Lands Act. However, during these times of fiscal austerity, Defenders believes that funding for implementing the Alaska Lands Act should be limited to resource protection and planning and that all funding for development should be drastically reduced or postponed until the information upon which to base sound development decisions has been obtained.

This testimony forms the basis for Defenders' proposed changes in the Administration's budget request. I have attached a copy of the Interior Department's proposed ANILCA budget and a column summarizing Defenders' proposed changes to that budget.

Planning and Studies

Defenders' highest priority in the Alaska Lands Act budget is ensuring that essential natural resource studies and planning processes for the U.S. Fish and Wildlife Service, the National Park Service, the Wild and Scenic River System, and Bureau of Land Management are thorough and are completed in a timely fashion so that land managers will have the necessary information to make wise resource management decisions, including: resource development (oil, gas, and mineral resources), land exchanges, transportation corridors, etc. It is plainly bad public policy for resource development to proceed before the studies and planning processes are completed.

U.S. Fish and Wildlife Service

To date only four National Wildlife Refuge plans have been issued in draft: Kenai, Becharof, Alaska Peninsula, and Izembek. These draft plans generally suffer from a lack of information on the ecology of the area, yet all the draft plans push for opening areas of each refuge to oil and gas leasing, land exchanges, road corridors, or other resource development activities. Defenders firmly believes that this is an area where the Department of the Interior should act conservatively by delaying resource development and land exchanges until land managers more fully know the resources of the area, their needs, and their sensitivity to development. The consequences of acting prematurely to develop areas may well create problems that could have been avoided had the resource managers known more about what was in their area before development occurred.

Defenders believes that at a minimum the Department of the Interior should restore the FY85 funding level for completion of Comprehensive Conservation Plans. (Due to a discrepancy in figures between the ANILCA summary and the FWS FY86 Budget Justification, this figure is either $456,000 or $225,000.) Contrary to the impression given in the FWS Budget Justification, this planning process continues to be far behind schedule. We question how thorough the plans will be if the funding is considerably reduced, as is proposed, while striving to meet mandated deadlines. Plans which meet the deadlines but lack a thorough assessment and understanding of the refuge resources would probably be much more harmful than late but thorough plans because these plans are to be used to aid in determining the compatibility of development activities with the purposes of each refuge.

Defenders urges that the Subcommittee reallocate funding for the following studies and land management plans (the first four items are the most urgent needs for FY86):

* + $225,000 /or $456,000 - restored to the budget for funding refuge planning activities at the same level as FY85.

* + $190,000 - restored to fund the necessary studies of the Arctic National Wildlife Refuge coastal plain.

* + $1,000,000 - for beginning implementation of the Kenai National Wildlife Refuge Comprehensive Conservation Plan. Funds are to be spent enhancing the Skilak Loop wildlife viewing area, improving the Lower Skilak and Jim's Landing Campgrounds aiding resource management.

* + $350,000 - for research on waterfowl on refuges, specifically on Yukon Delta National Wildlife Refuge. Funds would be used to study population status and natural mortality factors of geese and ducks using interior Alaska and to assess management activities.

*+ $720,000 - for biological studies of the North Slope. To ensure the least amount of environmental damage from development land managers must possess sound biological and environmental data. Studies needed include habitat delineation, assessment and movement of wildlife and fishes, andmanagementof contaminatedwastes.

* + $350,000 - for research on population status, trends, and seasonal distribution of polar bears and Pacific walrus. Hunting and development in the U.S. and Canadian Arctic pose increasing threats to these species.

*- $250,000 - in the FWS proposed budget for funding the use of the toxicant 1080 to remove foxes from Kiska Island in the Alaska Maritime NWR should be reallocated.

* + $350,000 - for maintaining the FY85 funding level for FWS land management.

Besides specific funding increases for planning and studies Defenders' has the following funding reallotment requests for the ANILCA budget:

1. Land Acquisition Management

The FY86 proposed Budget allocated $420,000 for Alaska of the FWS's total 1.5 million dollars for land acquisition management. The entire amount is to be used for land exchange purposes as provided in the FY86 FWS Budget Justification, p. 183. Land exchanges continue to be of great concern to Defenders of Wildlife. Defenders believes that it is of primary importance to study and plan all FWS refuge lands in Alaska before proceeding with land exchanges involving any conservation system unit. Furthermore, before any further funds are expended on pursuing land exchanges, BLM lands should once again be made available forland exchanges as was intended by Congress. Defenders urges the Subcommittee to reallocate:

* $320,000 of the proposed $420,000 for Region VII land acquisition management to other programs. The remaining $100,000 should be used to carry out land exchanges, cooperative agreements, and the Alaska Land Bank Program in a manner which is consistent with the letter and intent of ANILCA.

2. FWS Liaison with Natives

Defenders believes that one of the best uses of funding in Alaska would be to increase FWS personnel at several of the refuges by the addition of someone who would serve as both a liaison with the Natives and director of the FWS volunteer program for that individual refuge.

Traditional subsistence use of national wildlife refuge lands and park service lands is a situation which is unique to Alaska and needs to be incorporated more fully in wildlife management of these lands. Accordingly, Defenders urges the Subcommittee to appropriate:

- + $300,000 - to continue an educational and informational system with the Yukon-Koskokwim Delta Native Community to help reverse the severe decline of four species of geese breeding in this area. The program uses 10 local hire Village Information Specialists who act as liaisons between the refuge and the villages, participating in harvest surveys and representing FWS at meetings among other duties.

- + $1,500,000 - to provide funding for liaisons on other refuges which are extensively used by Natives. Liaisons would gather data on uses of the resources and communicate FWS purposes. Specifically, in FY86 Togiak National Wildlife Refuge is the refuge most urgently in need of a liaison.

3. U.S. Geological Survey - Alaska Mineral Resource Assessment

The proposed budget of $9,149,000 for the USGS Mineral Resource Assessment is $6,541,000 more than the combined total of funding for all other planning and studies listed for Alaska for FY86. Defenders urges the Subcommittee to reallocate:

*- $4,500,000 - to be used to fund other ANILCA programs. This reallocation will result in a later completion date of the Alaska Mineral Resource Assessment.

4. Non-North Slope Oil and Gas

The Summary of Funding for ANILCA shows that the funding for Non-North Slope Studies authorized by Section 1008, conducted by the Fish and Wildlife Service is to be decreased from FY85 funding by $190,000 resulting in FY86 estimate of $436,000. In stark contrast the BLM is to receive funding of $2,400,000 for leasing of the areas under Section 1008 of ANILCA. Defenders urges the Subcommittee to correct the funding imbalance by decreasing funding for BLM Non-North Slope leasing by $1,000,000, and increasing funding for FWS Non-North Slope Studies by $1,000,000.

5. Alaska Land Use Council

Defenders urges the Subcommittee to reallocate the entire $171,000 for the Alaska Land Use Committee to fund more pressing ANILCA needs. Funding for this council should also be eliminated from the Departments of Agriculture, Commerce, and Transportation.

6. Alaska Regional Office

Defenders urges the Subcommittee to look into the funding of the Region VII Office in Anchorage, Alaska. Specifically, money retained in the Alaska Regional Office is excessively high when compared with Regions I-VI.

Summary of Funding

Alaska National Interest Lands Conservation Act (ANILCA)

(In thousands of dollars)

	FY 1984	FY 1985 Estimate	FY 1986 Estimate	Defenders FY 1986 Estimate
Land Management				
National Park Service	$ $ 9,892	$ 9,878	$ 9,878	$ 9,878
Fish and Wildlife Ser.	9,698	9,763	9,413	9,763
Kenai Plan Implement.	---	---	---	1,000
Yukon Delta Liaison	---	---	---	300
NWR Liaison	---	---	---	1,500
Bureau of Land Management	290	300	500	500
Subtotal	19,880	19,941	19,791	22,941
Planning				
National Park Service	979	658	538	538
Fish and Wildlife Serv.	1,861	2,471	2,015	2,471
Bureau of Land Mgt.	414	480	330	350
USGS - Conservation Map.	150	50	50	50
Subtotal	3,404	3,659	2,953	3,409
Conveyance Activities				
Bureau of Land Mgt.				
Native Conveyance	2,100	3,100	2,000	2,000
State Conveyance	500	500	500	500
Withdrawal Review	60	60	60	60
USGS - Conveyance Map.	500	800	1,100	1,100
BIA - Native Allotments	1,400	1,784	1,784	1,784
Subtotal	4,560	6,244	5,444	5,444
Studies				
National Park Service	202	427	400	400
Fish and Wildlife Ser.:				
ANWR Coast. Plain Resor.	1,389	1,308	1,118	1,308
Non-No. Slope Studies	131	557	436	1,436
Bristol Bay Study	223	137	---	---
Wild & Scenic Rivers	13	13	13	13
Subsistence Uses	470	571	437	437
Arctic Nesting Geese	450	854	834	834
No. Slope Bio. Studies	---	---	---	720
Waterfowl Studies	---	---	---	350
Polar Bear & Walrus Study	---	---	---*	350 *
Arctic Geese/1080 Study	---	---	---*	(250)*
Bureau of Land Mgt.:				
Wild & Scenic Rivers	160	180	---	---
ANWR Coast. Plain Resor.	500	700	400	400
USGS - AK Min. Resor. Asses.	9,435	9,356	9,149	4,649
Subtotal	12,973	14,103	12,787	10,457
AK Subsis. Grant	1,000	980	980	980
BLM Non-No. Slope Leas.	2,400	2,400	2,400	1,400
Alaska Land Use Council	122	171	171	---
National Park Ser. Reg. Off.	2,703	3,909	3,200	3,200
FWS Reg. Off. Program (Admin)	2,264	2,519	2,323	2,323
FWS - Construction	11,705	6,655	---	---
NPS - Construction	4,850	1,123	6,747	6,747
FWS - Acquisition Mgt.	406	420	420	---
Solicitor - Legal Ser.	325	325	325	324
	66,592	62,449	57,541	57,415

* research to be conducted by the Denver Wildlife Research Center

STATEMENT OF THE NATIONAL CONFERENCE OF STATE HISTORIC PRESERVATION OFFICERS

Summary of Request for Historic Preservation Fund -- FY 1986

a.	State Programs: Survey and Planning Activities	$22.5 million
b.	National Trust for Historic Preservation	4.5 million
	TOTAL:	$27.0 million

c. Development Grants (unfunded) for Historic Properties.....Requests for restoration and rehabilitation of National Register properties estimated at $150 million for FY 1986.

Background

ADMINISTRATION IS AGAIN RECOMMENDING ZERO FUNDING FOR STATE HISTORIC PRESERVATION PROGRAMS AND THE NATIONAL TRUST.

NCSHPO IS REQUESTING $22.5 MILLION FOR THE STATES AND $4.5 MILLION FOR THE NATIONAL TRUST TO MAINTAIN THE CURRENT LEVEL OF EFFORT BY THE STATES AND THE NATIONAL TRUST.

The Administration's approach to the Historic Preservation Fund (HPF) is not pertinent to the actual operation and legislated purposes of the program. The budget documents characterize the HPF as a State grants program which has outlived its usefulness because of the success of private sector initiatives exemplified by the historic preservation tax incentives. No analysis is provided in the budget documents concerning termination of the federal-State partnership embodied in the 1966 National Historic Preservation Act, nor on how the purposes and activities mandated in the Act will be effectively carried out without the full participation of the States and the National Trust.

Even more puzzling are the findings and recommendations of the Treasury Department's tax simplification plan. The Treasury document asserts that tax incentives are not an appropriate means to spur the rehabilitation of older buildings, and recommends their elimination.

THE HISTORIC PRESERVATION FUND IS NOT A STATE GRANTS PROGRAM; IT IS INSTEAD THE MECHANISM FOR IMPLEMENTING THE NATION'S HISTORIC PRESERVATION PROGRAM.

THE DECISION AS TO WHETHER TO FUND STATE PROGRAMS IS TO DECIDE WHETHER THE COUNTRY WILL HAVE A NATIONAL PRESERVATION PROGRAM.

The net effect of the Administration's budget and tax plans is to eliminate all but the narrowest federal role in historic preservation, returning to the pre-1966 approach with heavy reliance upon federally-owned sites and documenting National Historic Landmarks. The current broad-based and very successful program, with its diverse funding base and comprehensive scope, would be abandoned.

In what would today be termed an example of federalism, the 1966 Act established a decentralized national historic preservation program with heavy reliance upon the States to carry out most of the national program objectives. The States are supported in these federally mandated activities by matching grants from the HPF, which the States have always over-matched. In effect the States are providing matching support to the federal government for the national program. The efficiencies of the current program over a centralized federal operation are substantial, both in terms of cost and effective implementation. The National Park Service itself has determined, in a 1981 study, that it would cost the federal government more to maintain the current level of service in centralized fashion than with the existing system established in the Act.

Although the States provide the bulk (71%) of the funds from all public and private sources used to match the federal grant, the State share of the total national program (federal and non-federal shares combined) is only 32%, and this must be taken into account when examining the Administration's assertion that the national preservation program will continue with little or no disruption after the withdrawal of federal participation. In fact, even _if_ State governments maintain their financial committment to State preservation programs in the absence of federal matching funds, the financial resources available to carry out current program activities would be reduced by two thirds. In addition, without federal participation, it will be difficult to hold together a truly national preservation program with common goals, standards and procedures.

STATE PROGRAMS ARE THE KEY TO IMPLEMENTING THE NATIONAL HISTORIC PRESERVATION PROGRAM.

It is the State programs which perform the bulk of the work necessary to carry out the national historic preservation program. The National Conference's recommended FY 1986 funding level of $22.5 million will not permit any new activities, but will allow State programs to maintain core programs at their 1985 level of activity (originally funded at $21.5 million).

In FY 1983, the last year for which complete information is available, State programs included 833 staff, many times the number working in the federal side of the program. The negative impact on both the public and private sector of eliminating or severely crippling State capacities for administering the national preservation program are evident from the program statistics. For example, the preservation tax incentives could not be administered without the on-the-scene work of State staff, who review applications, work closely with owners and architects to ensure that the proposed rehabilitation will meet the program standards, and formulate recommendations for project approval or disapproval. Ninety percent of the hours going into the tax incentives program are State hours; the NPS regional office staff devotes their time to reviewing and commenting upon work already completed at the State level. Without State participation, the system would simply break down.

Another example of the States' key role is the assistance rendered federal agencies and the Advisory Council on Historic Preservation in federal project planning and environmental review. In FY 1983, State programs reviewed approximately 39,000 federal undertakings being considered under Section 106 of the _Act_. Of this number, only 4,100 went on for review at the Advisory Council. The 35,000 difference (88% of the total) represents the projects screened out by State office review and is both an indicator of the responsibility borne by State offices in this program area and a measure of the increased workload to be imposed on federal agencies in meeting their Section 106 responsibilities without the current level of State participation.

The tax incentives and Section 106 review process are also excellent examples of program elements supported by the core activities of survey, National Register and comprehensive planning. Without the documentation provided by the survey properties would not be identified and evaluated for the National Register, entry on which is a pre-requisite for the tax incentives. Similarly, with federal project planning, ongoing State survey and planning activities save the federal government time and money and reduce the possibility of conflict, as opposed to a system where federal agencies would have to initiate historic preservation survey and planning activities in connection with every project.

THE NATIONAL HISTORIC PRESERVATION PROGRAM, WITH THE FEDERAL-STATE PARTNERSHIP AS ITS BASIS, IS A MAJOR SUCCESS STORY AND AFFIRMS THE WISDOM OF CONGRESS IN TAKING THIS APPROACH IN 1966.

The 1966 _Act_ established, for the first time, a comprehensive historic preservation program for the Nation. The federal-State partnership at the core of this program has resulted in efficiencies and leveraging not possible with a centralized federal approach.

The country today has a well-established set of standards, administered by experienced professionals, for the identification and protection of significant historic and archeological properties.

The chances today that a significant property will be lost out of simple ignorance or failure to include consideration of the property in a planning process are much smaller than in 1966. This is especially true of publicly sponsored construction projects, and the federal establishment has benefited particularly, because State programs can provide agencies consistent assessments and recommendations nation wide to help them meet their legal preservation responsibilities.

The public, private organizations and individuals all have a place to turn for assistance and to encourage preservation initiatives beyond the federal program.

IN THE SPIRIT OF THE ACT, STATES HAVE GONE BEYOND MINIMUM REQUIREMENTS TO ESTABLISH AND FUND A VARIETY OF PRESERVATION INITIATIVES MODELED ON THE FEDERAL PROGRAM.

The State committment to historic preservation is substantial and growing, and complements the federal side of the program.

For example, over half the States have developed State Registers of Historic Places which are utilized for State programs, including State project planning and review, grant loan and tax incentive assistance. Twelve States have created capital development funds for historic properties, with a funding level of $5 million in FY 1984.

The accompanying testimony of Valerie Talmage, State Historic Preservation Officer for Massachusetts, contains a number of examples of how States have built upon the federal preservation program, while at the same time pointing out why State programs are not a substitute for the federal program.

THERE IS STILL MUCH TO BE DONE AND MANY DEMANDS UPON THE PROGRAM.

Non-discretionary workloads such as review of tax incentive applications continue to grow. At the same time, core survey and planning activities are progressing, but there are many areas which have not yet been reached.

For example, at the end of FY 1984, States estimated that (on average) 42% of their historical and architectual, and 13% of their archeological resources had received adequate initial survey. These figures do not indicate lack of effort but rather the magnitude of the task.

Some important elements of the 1980 amendments to the Act are just now being implemented, such as the Certified Local Government program. The National Park Service is scheduled to approve State CLG program regulations this fiscal year, which will lead finally to the certification and funding of local governments. Just as the growth of State programs has greatly enhanced the national historic preservation program, so the formal entry of local governments into the program may be expected to add even more strength and resources to the national program over time.

With the exception of the emergency jobs bill, no monies have been available for development grant assistance for the past four years. Although the NCSHPO cannot recommend reactivating development grants unless there is an additional appropriation above the current basic program amount for non-construction activities, we believe it is important to continue to document the need for these grants. Much attention (well-deserved) has been given to the popular and successful certified rehabilitations carried out under the tax incentives program. This program, however, can assist only commercial, income-producing properties. The bulk of the properties entered on the National Register of Historic Places are not commerical, and therefore have been cut off from restoration and rehabilitation assistance. In order to assist and preserve all the categories of resources encompassed by the Act, the development grants should be a regular part of the annual program. In order to monitor and estimate program needs in this area, NCSHPO gathered data from fourteen States where a development grants preapplication process has been maintained or recently carried out. The total value of the work requested from the fourteen States was $84 million, and the equivalent national total based upon the experience of these fourteen States is $300 million, representing a matching share total of $150 million.

THE NCSHPO SUPPORTS THE FOLLOWING RELATED FUNDING REQUESTS:

- $4.5 million for National Trust for Historic Preservation.
- $1.707 million for the Advisory Council on Historic Preservation.
- US/ICOMOS: $155,000.00 to retain United States membership and to continue preparations for the 1987 General Assembly to be held for the first time in the United States, in Washington, D.C.
- Support Society for American Archeology request for $200,000.00 in the U.S. Forest Service budget for archeological survey utilizing predictive modeling.

SUMMARY: ALTHOUGH THE STATES HAVE DEMONSTRATED COMMITTMENT TO BOTH FEDERAL AND STATE-BASED PRESERVATION PROGRAMS, STATE ACTIVITIES ARE NOT A SUBSTITUTE FOR THE FEDERAL PARTICIPATION MANDATED IN THE ACT.

WITHOUT FEDERAL PARTICIPATION, THERE WILL NOT BE A TRULY NATIONAL HISTORIC PRESERVATION PROGRAM AND, WITHOUT STATE PARTICIPATION, THE NATIONAL PROGRAM ENVISIONED IN THE ACT CANNOT BE CARRIED OUT.

3-5-85

Testimony of Valerie Talmage, SHPO, MA

In 1978 the state of Massachusetts conducted a survey of its cities and towns in order to develop a growth policy for the Commonwealth. The results of that study were summarized in one sentence: "Rural communities do not want to become suburbs; suburbs do not want to become cities; and cities do not want to become wastelands". To turn this sentiment into the positive, the cities and towns in Massachusetts want to preserve their community character.

My job as the State Historic Preservation Officer, therefore, is not to "sell" the idea of preservation: the cities and towns in Massachusetts are already predisposed towards preserving their historic properties since these properties form the community's character. As State Historic Preservation Officer my job is to integrate preservation policy at all levels of government, so that protecting historic properties is a normal part of land use decision making.

State Historic Preservation Officers are in partnership with the preservation programs of the federal Department of Interior and with preservation programs at the local level. The federal role is to set standards and national policy; the state role is to set priorities for state programs, to administer preservation programs, and to provide technical assistance to localities who actually carry out preservation programs. In Massachusetts, the local historical commissions, entities of local government, conduct surveys, prepare National Register nominations, participate in local planning and protect historic properties.

The State Historic Preservation office supports all these activities envisioned in the National Historic Preservation Act--identification, evaluation, and protection. We do more than review and pass on tax certification applications. The tax certification program in Massachusetts is a very important tool to encourage rehabilitation of income-producing historic properties. Since 1976 Massachusetts has reviewed a total of about $730 million in rehabilitation projects; since FRTA (1981) about $500 million, and about $200 million last year alone. But regardless of how successful this program may be, tax certification is not the only focus of any State Historic Preservation Office's programs: we support activities which identify, evaluate, and protect the full range of historic properties--the historic bridges, the archaeological sites, the town halls, historic churches--all the properties the tax act leaves behind, but are central to preserving a community's character.

If you question why the federal government needs to be involved in supporting state preservation programs, and why state programs rely on their partial federal support, I have three answers:

(1) First of all, the nation needs national direction to protect the nation's heritage. We may be 57 states and territories, but we share a national patrimony: we need a National Registry of Historic Places, not 57 state registers.

(2) Secondly, the federal government sets policy, even by omission. The National Historic Preservation Act was established as a reaction to two federal programs--urban renewal and highway development--which devastated historic properties. The continuation of the national preservation program is important in recognition that our national policy makers value and will not retract their commitment to our nation's historic heritage.

(3) Finally, the states are already supporting preservation in a big way. Examples from the Massachusetts' FY84 budget (the year we are in now) demonstrates just one state's commitment to preservation:

1) First, Massachusetts appropriates for the Massachusetts Historic Commission funds to overmatch the required 50% state share in support of the staff and operations.

2) Secondly, about 30% of Massachusetts' allocation under the historic preservation fund is passed through the cities and towns in Massachusetts as survey and planning grants. Cities and towns use local funds, usually overmatched again, to support preservation projects. The need is greater than the funds are available; the applications for this year's survey and planning cycle were received in my office last Monday: a total of about $425,000 federal share was requested, although only about $125,000 is available to subgrant. The projects proposed include a survey project to identify the archaeological remains of "Praying Indian Villages" set up in the 17th century, America's first attempts at establishing reservations; another project to identify and evaluate 17th century houses in Massachusetts and to prepare a thematic National Register nomination; also about two dozen requests for inventory assistance; a request for planning assistance to protect the state's historic water system. Unfortunately only about a quarter of the projects will receive historic preservation fund assistance.

3) Finally, the commitment of states to preservation is exemplified by the Massachusetts legislature's support for several capital programs for preservation in this year's budget:

a) $10 million was budgeted for the restoration of Olmstead parks in Massachusetts. The program was an outgrowth of Massachusetts Historical Commission's 1982 historic preservation fund allocation where we passed through $4,000 in a survey and planning grant to the Massachusetts Association for Olmstead Parks, who matched the grant with $6,000. The survey and planning project identified historic Olmstead parks and evaluated their integrity: the results were sufficiently convincing to leverage $10 million state funds devoted to their rehabilitation.

b) $14 million was budgeted to rehabilitate city and town commons in Massachusetts. The New England town common, a central feature of the Massachusetts landscape, has been the focus of local survey efforts through historic preservation fund supported inventory and registration projects in Massachusetts.

c) $40 million was budgeted to support State Heritage Parks, which celebrate historic resources in 15 cities in Massachusetts. Historic preservation fund projects have surveyed and conducted the National Register work which are the foci of the Heritage Park program. The state funds are directed toward capital improvements and interpretation; survey and planning projects give park planners the information they need to develop the park.

d) Finally, a $600,000 annual line item established the "Massachusetts Preservation Projects Fund": a matching grant program targeted to the restoration, rehabilitation and research of historic and archaeological properties owned by municipalities and private/non-profits, the properties that are left behind by the tax act. These historic properties are the landmarks of a community: the town halls, churches, Indian burial grounds, historical society museums--the properties that anchor a community's image and character. These landmarks have been neglected and are in sorry shape. $600,000 falls well behind the current need: we have over $8 million in requests on file for this program.

All the state programs were made possible by the information from survey and planning programs of the historic preservation fund. Without the survey and planning program we would have lacked information to identify needs and establish priorities. Last year historic preservation fund allocations to Massachusetts, about $600,000, leveraged about $65 million of state money.

In conclusion, the historic preservation fund is more than 50% matched by non-federal sources; a large percentage is passed through to municipalities and private/non-profits; it has an excellent administrative track record; and it leverages a big bang of state, local and private funds for the buck. The historic preservation fund lays the infrastructure for protecting our nation's heritage.

STATEMENT OF MAHARISHI INTERNATIONAL UNIVERSITY

Maharishi International University, Fairfield, Iowa, congratulates the U.S. Congress in its continuing efforts to preserve the national heritage, provide jobs and create beautiful and functional community spaces.

In considering the appropriations budget for the Department of the Interior, National Parks Service, for the upcoming fiscal year 1986, we felt it would prove helpful to you to hear of some of the success which past funding has made possible here in Fairfield, Iowa. Through the National Park Service Grant-in-aid Program for Historic Preservation, Maharishi International University was able to stabilize Ewing Hall (also known as the Henn Mansion) which was built in 1857. This building is the oldest building on the campus of Maharishi International University (MIU), and is one of the oldest buildings in Fairfield.

Completed in 1857, the Henn Mansion was the home of Bernhart Henn, who served as a U.S. Congressman from 1851 to 1855. A native of Virginia, Henn opened the first U.S. land office in Fairfield in 1842 and helped organize the town's first bank in 1851. When Henn died in 1865, the Mansion was sold to William Jordan from whom it was bought, along with the surrounding twenty acres, by the estate of Lewis B. Parsons as the site for the opening of Parsons College. Parsons College opened its doors in 1875 with the Mansion as the only building in use. When MIU acquired the Parsons College campus in 1974, the Mansion had been abandoned for years. In 1982, efforts were initiated to ensure the building's survival. The Henn Mansion/Ewing Hall was entered in the National Register of Historic Places on January 11, 1983.
In 1983, the Iowa State Historical Department provided funds for the stabilization of this building under the Emergency Jobs Act.

We judge the success of this program not only by the fact that this grant allowed an important part of the heritage of this region of Southeast Iowa to be preserved, but also because it was instrumental in creating jobs by providing work for both skilled and non-skilled laborers as well as for the architects and the planners who contributed to this effort. Donors from the private sector are now providing the means by which this restoration can be completed. When fully restored to its original beauty, this building will enhance the historic integrity of MIU's central campus and will also be used for community meetings by both university and town groups.

Expansion of the budget for continuation of the National Parks Service Grants-in-aid for Historic Preservation provides an excellent means by which the government can encourage an already successful jobs program and support neighborhood improvement of deteriorating buildings, while at the same time preserving these beautiful historic treasures which are such a significant part of our national heritage.

STATEMENT OF RON CARTER, PRESIDENT, NATIONAL ASSOCIATION OF STATE OUTDOOR RECREATION LIAISON OFFICERS

Mr. Chairman and members of the Subcommittee, I very much appreciate this opportunity to testify before you concerning the Land and Water Conservation Fund. I am the State Liaison Officer for the South Carolina Department of Parks, Recreation and Tourism; however, I am here today in my capacity as President of the National Association of State Outdoor Recreation Liaison Officers. This organization is an association of persons, like myself, who are designated by the Governors of our respective states, territories and the District of Columbia to be responsible for implementing the Land and Water Conservation Fund Act. Our program provides a unique state/federal partnership which has worked extremely well for nearly 20 years to provide a significant and essential system of park and recreation resources and services.

Mr. Chairman, we want to thank you and the members of this Committee for including $72 million for the state-side of the Land and Water Conservation Fund in last year's budget. These funds have been committed by the states to high priority parks and recreation projects. We want to report to you that the support given to the program by this Committee has been multiplied many fold in state and local support and funding.

However, we urge you to consider the fact that the budget deficits have not occurred because of this program nor because of the actions of this Appropriations subcommittee. In fact, the budget reduction from the stateside of the L & WCF from $300 million in 1981 to $75 million last year was made in the name of fiscal responsibility and budget deficit control. Clearly the deficit reduction problem is elsewhere and it would be ironic and tragic if the one intergovernmental recreation program - which is matched by the states - were eliminated while those budget and tax areas causing this shortfall continue to be the problem. We know everyone must cut back, but you, the members of this distinguished subcommittee and the Governors have cut back in this area and shown fiscal responsibility. There is a difference between budget restraint and philosophical opposition leading to elimination of this special use of offshore oil and gas monies. Your Committee has shown restraint. The President has illustrated unfortunate shortsightedness.

The Land and Water Conservation Fund has been the most important and successful park and recreation program in this nation's history. It has been directly responsive to state and local needs and stimulated multiple contributions in state and local investment. Let me briefly share with you some facts and figures which reflect the current status of the states' effective management of this program.

- The passage in the summer of 1964 of the Land and Water Conservation Fund Act (Public Law 88-578) culminated an effort spanning the administrations of five Presidents that focused national policy and resources on outdoor recreation needs. This Act was a landmark in the nation's struggle to preserve, conserve and to creatively utilize its outdoor resources and to make a small reinvestment of the nation's receipts of offshore oil and gas monies for the permanent use of all citizens and future generations.

- The administration of the Land and Water Conservation Fund has become increasingly efficient with the States continuing to maintain high obligation rates indicating a strong demand for Fund assistance. Attached are copies of two recent letters from the National Park Service which compliment the States for their efficiency in administering the program.

- The fifty percent matching requirement of the program assures, at least, a doubling of the investment from the Fund. In addition, this is one of the few Federal grant programs which is capital intensive and results in a strong job-oriented operational commitment to projects by State and local governments.

- The Land and Water Conservation Fund program has provided matching funds for over 29,000 individual projects involving land acquisition and recreational development, amounting to an investment of nearly $2.9 billion. It is a legacy to our children and grandchildren that is irreplaceable now.

- This program uniquely contributes to the public infrastructure of the nation's urban and rural areas through investments in perpetual resources; strengthens our country's social fabric through the provision of needed recreation opportunities; and, returns to local, state and national economies vast gains in employment, tax revenues and consumer expenditures generated by healthy recreation, travel and tourism industries.

- There is growing support to promote the recreation and tourism opportunities throughout the nation as a phase of economic development. We support this effort, but we wonder what there would be to market without the twenty-five years of L & WCF outdoor recreation efforts and what will be our future if this type of priority is eliminated from Federal activity. We boast of this success, but the Administration apparently fails to understand that the future of quality outdoor recreation opportunity depends on continuing to build this legacy.

- Local and state park and recreation facilities greatly relieve the demand and use of the national parks. The state-side of the L & WCF encourages states and cities to provide recreation opportunities closer to home and more accessible to low-income and handicapped persons.

- It has been a catalyst to state and local entities encouraging the acquisition of significant parcels of land and the provision of public recreation resources and facilities with over $350 million worth of eligible projects remaining unfunded. (See attached recent survey of demand in the states.)

- Recent surveys by state economic development departments indicate that recreation opportunity is a major factor in site location. The L & WCF answers a broad and fair distribution of public outdoor recreation facilities as opposed to the concentration of private outdoor recreation facilities in higher income areas.

- The program represents an effective approach for providing recreation facilities close to the country's population centers as nearly three-quarters (75%) of the Fund assistance received by the states is passed through to local communities providing close-to-home recreational opportunities.

The fact is that for the past few years the states' side of the Land and Water Conservation Fund program has been subject to numerous funding uncertainties, a recision, a deferral and a year's moratorium. The $72 million funding this past year, dictated by a responsive Congress, was a change in direction and, we hope, indicative of a new long-term direction. However, we are now again faced with uncertain funding and an unsupportive federal agency. The budget presented to Congress by the President talks of a budget freeze and yet the Administration again shows a zero for the states' side of the Land and Water Conservation Fund program despite the $72 million level in the final FY 85 Federal Budget.

By eliminating these funds the Department of Interior and the President of the United States are turning their backs on the federal/state "partnership" which serves as the essence of the Land and Water Conservation Fund program. We believe that this is false economy and that a message should be sent to the new Secretary at the Interior Department that the state-side of the Land and Water Conservation Fund is an important element in the overall national strategy for parks and recreation development.

We are therefore appealing to you, today, to recognize the importance of the state and local park units as essential elements in the total nationwide recreation estate and require the National Park Service to continue the mandates set forth in the Land and Water Conservation Fund Act. This would allow states and local governments to continue to operate the integrated outdoor recreation planning and development and to insure an equal amount of state and local money being spent on new outdoor recreation activities.

In summary, Mr. Chairman and members of the Subcommittee, the National Association of State Outdoor Recreation Liaison Officers urges you to continue to support the funding of the states at a level of at least $72 million so that this vital "partnership" can continue to help sustain the recreation estate.

Thank you Mr. Chairman for the opportunity of being able to testify before you today and for your unselfish and continued support for the program.

DEC 4 1984

Mr. Ronald R. Carter
President, National Association of State Outdoor
Recreation Liaison Officers
Edgar A. Brown Building-Suite 110
1205 Pendleton Street
Columbia, South Carolina 29201

Dear Ron:

Thank you for your letter of November 9, 1984, requesting information on the Land and Water Conservation Fund (L&WCF) program.

As you requested, we are enclosing a chart showing yearly appropriations plus unexpended and unobligated amounts for National Park Service land acquisition and development activities. We also enclose a copy of the FY 1985 L&WCF Apportionment Certificate recently signed by the Secretary.

The film prepared by the American Petroleum Institute on the L&WCF grants program is not available for general distribution, and no funds are available to make copies on request. However, the Service can provide a video tape cassette (VHS) of the film if your organization can pay the cost of $50.00 per copy for reproduction. You may wish to contact Mr. Leo Willette, Office of Public Affairs, National Park Service, Washington, D.C. 20240, for details.

Your idea for a "working meeting" with the Assistant Secretary and the Director would best be postponed until early next year. Ray Arnett has resigned as of November 30 and Russ Dickenson has just announced his retirement. The meeting you have in mind may be more productive once their replacements have been appointed and are on board. However, I will be available during the week of December 10 should you like me to meet with you. Please give me or Theresa Wright, my secretary, a call (202-343-6741) if you think you can make it.

Thanks again for your continued support of good L&WCF management and for the excellent job done by the States in obligating and expending L&WCF grant funds during FY 1984.

I look forward to talking with you soon.

Sincerely,

David G. Wright

David G. Wright
Associate Director, Planning
and Development

OCT 31 1984

Memorandum

To: Regional Directors

From: ACTING Director

Subject: 1984 Successes in Reducing L&WCF Unexpended Balances

An end-of-fiscal-year balance sheet for the Land and Water Conservation Fund (L&WCF) State grants program, showing net obligations and outlays (including Jobs Act grants) for fiscal 1984, is attached.

L&WCF finance reports as of September 30 show remarkable progress by States in reducing their unexpended balances during the year. The program's overall unexpended balance (consisting of obligated-but-not-yet-outlayed funds and unobligated funds) went from $438,854,050 in the first quarter of 1984 to $267,959,448 at the year's close. The $170.9 million in grant expenditures and $107.4 million in new obligations are substantial upturns from 1982 and 1983. The outlay total includes drawdowns of 95% on the Jobs Act grant funds obligated in late FY 1983, as well as major increases in completion and billing rates for older projects. Similar inroads were made with the Urban Parks backlog; outlays totalled almost $58 million, including final billings on many older projects as well as 110 out of 126 Jobs Act grants.

You, your grants staffs, and State and local grantees are to be commended for these accomplishments, particularly in light of the additional administrative burdens which accompanied Congressionally imposed Jobs Act requirements in fiscal 1984. We are particularly pleased at the improvements in administrative performance of cooperating State offices that are reflected in these figures.

Also attached for your information are tables handed out at the National Park Service Advisory Board Meeting which provide greater detail on regular apportionment balances.

I congratulate you, and look forward to continuing improvements in grant program management during 1985.

LAND AND WATER CONSERVATION FUND
ESTIMATED STATE AND LOCAL NEEDS: FISCAL YEAR 1986
(in millions of dollars)

	TOTAL		
Alabama	7.25	Montana	4.90
Alaska	2.85	Nebraska	3.00
Arizona	5.00	Nevada	3.40
Arkansas	1.85	New Hampshire	3.14
California	17.10	New Jersey	10.00
Colorado	8.54	New Mexico	5.25
Connecticut	8.08	New York	27.55
Delaware	2.70	North Carolina	3.23
Florida	8.00	North Dakota	3.50
Georgia	6.60	Ohio	19.44
Hawaii	2.26	Oklahoma	1.69
Idaho	2.00	Oregon	2.40
Illinois	8.80	Pennsylvania	14.01
Indiana	5.46	Rhode Island	1.87
Iowa	3.50	South Carolina	3.30
Kansas	3.63	South Dakota	1.46
Kentucky	2.45	Tennessee	4.75
Louisiana	15.83	Texas	12.00
Maine	1.06	Utah	4.00
Maryland	8.33	Vermont	2.75
Massachusetts	4.90	Virginia	2.50
Michigan	17.12	Washington	6.00
Minnesota	12.50	West Virginia	2.40
Mississippi	4.11	Wisconsin	7.00
Missouri	5.25	Wyoming	1.45

Total Estimated
Request $316.16 million

Prepared by National Recreation and Park Association in cooperation with National Association of State Outdoor Recreation Liaison Officers, February, 1985.

STATEMENT OF TERRY B. MORTON, HON. AIA CHAIRMAN, U.S. COMMITTEE OF THE INTERNATIONAL COUNCIL ON MONUMENTS AND SITES

Mr. Chairman: Thank you for the opportunity to present the US/ICOMOS program and budget request to you and your Committee again this year. US/ICOMOS is most appreciative of your Committee's support, which resulted in US/ICOMOS receiving $151,900 under the National Park Service's 1985 budget. US/ICOMOS is requesting level funds in FY 1986 of $155,000 ($125,000 additional funds over the Administration's request in the National Park Service 1986 budget). This will enable US/ICOMOS to continue to assist the National Park Service in carrying out some of its international responsibilities.

The stage for this support is set by the 1980 Amendments Act to the National Historic Preservation Act of 1966. These amendments called for the U.S. to have a role of leadership and cooperation in international preservation through education, public information and training. The amendments also established the U.S. as a participant in the World Heritage Convention. ICOMOS is designated in the Convention as the non-governmental organization to carry out cultural heritage programs for the World Heritage Committee.

The U.S. carried out its leadership role for many years through ICOMOS, which it helped establish in 1965. A N.P.S. employee served as its Secretary General for six years. Another N.P.S. employee was detailed to the ICOMOS Secretariat for four years. For many years, the N.P.S. paid dues to US/ICOMOS and made contributions to the international programs of ICOMOS. In recent years, however, this support lapsed.

The U.S. was the leader in establishing the World Heritage Convention. In 1973, it was the first country to ratify the Convention. Today there are 165 cultural and natural sites on the World Heritage List. There are 14 U.S., all but one in the NPS system; 5 of them are cultural: Independence Hall, Mesa Verde National Park, Cahokia Mounds State Historic Site in Illinois, San Juan National Historic Site and the Statue of Liberty.

US/ICOMOS will use this $155,000 in FY 1986 for the following programs: $50,000 as N.P.S. dues to US/ICOMOS; $35,000 to support the World Heritage Convention programs in the U.S.; and $70,000 to plan and develop the 8th ICOMOS General Assembly in Washington, D.C., in 1987 and produce publications and exhibits to interpret U.S. preservation techniques and accomplishments to 600 foreign preservation delegates from 50 countries.

In 1985 US/ICOMOS gained in importance and its program was strengthened because of the Congressional recognition and the federal support under the N.P.S. budget. The US/ICOMOS 1985 budget is $311,800; thus the 1985 federal funds of $151,900 will be matched by $160,000 of private funds from membership income, two multi-year foundation grants and project monies. It is anticipated that the level funding for FY 1986 of $155,000 will also be matched by US/ICOMOS in 1986 in a similar way. US/ICOMOS membership has increased during the last year by 33 percent to 400 preservationists, general public, libraries, organizations and foundations.

US/ICOMOS Service Programs of lectures, newsletters and book program continue. During 1984, US/ICOMOS sponsored or cosponsored 11 lectures in Washington, D.C., on topics ranging from a discussion of Architectural Heritage of Afghanistan to the work of the National Heritage Memorial Fund in Britain. The publications program continues with the monthly Newsletter, the Booklist and the publication of the second volume in the Historic Preservation in Foreign Countries series. Other volumes in the series are being researched on the Pacific Basin, Greece and Turkey and another on South America. Volume I will be updated and reissued in 1985.

The US/ICOMOS administration of applications to the International Centre for the Study of the Preservation and the Restoration of Cultural Property (ICCROM) on behalf of the Advisory Council for Historic Preservation has also made US/ICOMOS a focus for inquiries regarding preservation courses abroad. US/ICOMOS assisted five professionals with funding for study at the Center, located in Rome, Italy. Funding was secured from the Samuel H. Kress Foundation, the Graham Foundation and the National Museum Act grants administered by the Smithsonian. Another American conservator participated in the Wood Conservation Course sponsored by ICCROM in Norway.

The National Trust for Historic Preservation and US/ICOMOS continue their close association as partners in national-international preservation. Our contract with the National Trust to support international programs of mutual interest insures that inquiries on international subjects or from outside the U.S. are forwarded to our office for reply. As part of the ICOMOS network and our Trust affiliation, we also respond to requests for information from foreign governments and their nonprofit organizations on American preservation programs, particularly the tax incentives program.

Another growing activity is the organization of meetings between Americans and foreign preservationists. For example, in September, US/ICOMOS and Partners for Brasilia, a committee of Partners for the Americas, arranged a three-hour meeting between city administrators from two cities near Brasilia and representatives of the National Trust and the D.C. government to discuss preservation techniques. Our staff has met also with a number of visitors on an individual basis, many of whom are sponsored by the U.S. government. Italy was represented with three visitors from Genoa charged by their government to develop a program to observe the 5th centennial in 1992 of the discovery of America.

US/ICOMOS is seeking to establish a strong and more active exchange program to provide opportunities for professionals, graduate students and community leaders to learn more about preservation techniques and practices in the U.S. and around the world. US/ICOMOS has created an internship program in 1985 for graduate students and young professionals 21 to 25 years of age. The program will have an inbound and an outbound portion. The inbound portion, in cooperation with the N.P.S., will enable 7 interns from the Economic Summit Countries to spend 12 weeks doing architectural and historical documentation work with the N.P.S. HABS/HAER summer teams. The outbound portion of the program, will enable 8 Americans to undertake internships with British organizations, also for 12 weeks. USIA will sponsor a portion of the Summer Internship Program under the President's Youth Exchange Initiative. US/ICOMOS is seeking private funds of $28,000 to pay stipends to each student.

An American urban planner for Pasadena, Calif., participated in the UNESCO/ICOMOS 4th biennial exchange of historic district specialists in the fall. Organized as a result of the Helsinki Final Act, the program is an exchange between preservationists in Eastern and Western Europe and North America. The American's study tour was to Poland. In 1985 US/ICOMOS will send at least 50 American college students to do hands-on restoration work on French monuments for the 10th successive summer.

US/ICOMOS has a strong role internationally through the ICOMOS Secretariat and Documentation Centre in Paris. American interests and expertise are represented by two American women on the staff, one who is a volunteer, and by Ann Webster Smith, one of five vice presidents of ICOMOS, who has participated in all bureau meetings of ICOMOS during the year. US/ICOMOS has also supplemented the American preservation books, documents, reports and periodicals that are available at the Documentation Centre.

1987 General Assembly and Scientific Symposium, to be hosted by US/ICOMOS, will be cosponsored by the N.P.S. and the National Trust for Historic Preservation. It will be coordinated with National Trust's 41st annual conference, which will be held October 7-11, 1987, in Washington, D.C. The dates of the 8th General Asssembly and Symposium are October 7-16, 1987. Planning for this meeting is conducted with the assistance of nine committees of US/ICOMOS members. The General Assembly logo has been designed and produced on portfolio materials used for presentations for fundraising and program planning. A preliminary program has been prepared for the eight days, including case study tours in Washington and nearby towns. Exhibits and cosponsors have been identified. Fundraising social events are being scheduled within the corporate and private sectors.

Future steps include outlining the program in detail so that the call for papers can be sent. Study tours in Washington and nearby cities must be planned and tour information prepared. Local leaders in nearby towns and post-meeting tour sites must be identified and asked to assist in the planning, development and funding. An Honor Committee will be appointed of well-known Americans involved in historic preservation.

The 1987 General Assembly will consist of the ICOMOS triennual business, including recommendations, policies, election of officers and program of work. The symposium theme, "Old Cultures in New Worlds," will highlight the transfer of design and building techniques, impact of progress, preservation and conservation, cultural tourism and economic development.

A book, Old Cultures in New Worlds, is being outlined, which will be a presentation of U.S. preservation concepts, issues and accomplishments under the conference theme. This will be an interpretation of the preservation development in the U.S. over the 20 years since the enactment of the National Historic Preservation Act. of 1966.

The budget for the General Assembly has been estimated at $750,000. Through discussions with Director Russell Dickenson and his staff, N.P.S. has expressed the desire to have a major role in the 1987 international program, interpreting the Park Service preservation programs and sites in various ways to the visiting foreign preservationists. It is, therefore, hoped that through the US/ICOMOS request to Congress that over the next few years -- FY 1986 and 1987 -- that N.P.S. will contribute a major funding portion, to assist US/ICOMOS in sponsoring this important program. US/ICOMOS believes that it will be able to more than match with private funds the N.P.S. contributions. It is having success with its private fund-raising, having raised more than $66,000 for General Assembly expenses.

World Heritage Convention in the United States. The activity in which US/ICOMOS is most directly associated with the National Park Service's international responsibilities involve the World Heritage Convention, ratified by the U.S. in 1973. The work is being carried out under a cooperative agreement between US/ICOMOS and the N.P.S.

On April 24, 1985, US/ICOMOS will host the second World Heritage Day in the United States with a program at National Geographic Society's auditorium, Washington, D.C. An update on the restoration of the Statue of Liberty and San Juan National Historic Site, Puerto Rico (both World Heritage Sites), will be presented. Cosponsors of the program, as last year, will be other cultural groups including the National Park Service, the American Institute of Architects and its Washington Chapter and Mid-Atlantic Region, the National Trust for Historic Preservation and the National Building Museum. To be made available for the first time that evening will be a brochure published by US/ICOMOS with the assistance of the National Park Service titled, "World Heritage--A Shared Inheritance."

As in 1984, US/ICOMOS will again in 1985 make a contribution of $4,000 to the San Juan National Historic Site, to help make possible a HABS summer team of 12 weeks to carry out architectural documentation on historic aspects of the property. As mentioned earlier US/ICOMOS and HABS of N.P.S. are collaborating during the summer with USIA on bringing 7 foreign architectural students to this country.

US/ICOMOS contributed $5,000 to help plan the First World Conference on Cultural Parks organized by N.P.S. and held in September 1984 at Mesa Verde National Park, Colo., the first World Heritage Site in the U.S. US/ICOMOS assisted also with translation requirements, and helped the N.P.S. raise an additional approximately $50,000 for conference needs. Following the First World Conference on Cultural Parks a report was made to the U.S. Congress on the recommendations, chaired by Congressman John F. Seiberling. 16 speakers from the conference, including 9 from foreign countries, were presented in a two-hour program. A newsletter was inaugurated, known as "World Heritage," also reporting on the recommendations of the First World Conference on Cultural Parks. The newsletter will be issued quarterly by US/ICOMOS, informing the American public of this important part of U.S. cultural heritage.

Other projects include an exhibit on the World Heritage Convention highlighting the 14 U.S. sites enscribed on the list, evaluations of early and modern U.S. architecture for potential nomination to the World Heritage Convention and special studies on U.S. Spanish missions, the Spanish forts in the National Park system and African World Heritage sites.

The U.S. Congress, the Department of the Interior through N.P.S. and US/ICOMOS have formed an exciting partnership for international preservation, which will continue to grow in significance. Through these jointly sponsored programs, supplemented with private funds, Americans will be better trained in preservation techniques and will contribute to preservation worldwide through technical programs and publications and other information exchanges. The American public will become more aware of its cultural heritage and of its significance worldwide.

STATEMENT OF DAVID N. STARTZELL, ASSOCIATE DIRECTOR, APPALACHIAN TRAIL CONFERENCE

The Appalachian Trail Conference is a private, nonprofit, educational organization composed of approximately 18,000 members as well as over 60 hiking and outing clubs representing an estimated 60,000 individuals. For sixty years the Conference has coordinated private efforts to develop, maintain, and preserve the Appalachian Trail for the benefit of millions of Americans. On this occasion I am writing on behalf of the Appalachian Trail Conference to express support for appropriations for Appalachian Trail land acquisition by the National Park Service and USDA Forest Service. For the reasons described below, we respectfully request an FY'85 supplemental appropriation of $4 million and an FY'86 appropriation of $7 million for the National Park Service. In addition, we request an FY'86 appropriation of $700,000 for the U.S. Forest Service Appalachian Trail program.

Resource Characteristics: The Appalachian Trail is a continuous, marked footpath which traverses the Appalachian mountain chain from Maine to Georgia for a distance of approximately 2,100 miles.

Throughout its distance, the Trail provides a slender thread linking more than sixty public land areas in fourteen states, eight National Forests, and six units of the National Park System. Moreover, virtually every mile of the Trail is within easy access of a major population center, and some portion of the Trail is within a day's drive of one half of the population of the United States.

By virtue of its location and extent, the Appalachian Trail thus provides opportunities to traverse and experience countless wild, scenic, and pastoral settings for millions of visitors each year. It also affords an opportunity for continuous, long distance hiking that is perhaps unparalleled throughout the world.

Legislative Background: In 1968, Congress enacted the National Trails System Act which designated the Appalachian Trail as one of the first National Scenic Trails. At the time of enactment, Congress recognized the "unique recreational opportunities afforded by the Trail as well as the growing development activities which threatened the continuity of the trail route. The act therefore provided for a Federal responsibility to protect the Trail, including the authority to acquire a permanent right-of-way." (Senate Report No. 95-636). Regrettably, a relatively insignificant level of funding was authorized for this purpose and even lesser amounts were actually appropriated.

By 1977, Congress acknowledged that inadequate funding, together with insufficient activity on the part of responsible federal and state agencies, had contributed to significant deterioration of many miles of the Trail due to incompatible development and land use practices. As the Committee on Energy and Natural Resources noted:

> "Over 650 miles of the Trail remain in private hands and changes in ownership and increasing pressures for development pose threats to the continuity of the Trail in numerous instances. Approximately 180 additional miles of the Trail are now located along roads, providing no real hiking experience, but only a link between disconnected segments of the trail."

Congress concluded that...

> "experience with the Trail has demonstrated...that additional authority is needed to insure the acquisition of a corridor sufficient to protect trail values. Similarly, an increase in the funding authorized for the Trail will be necessary to purchase a sufficient route through the areas which are now unprotected." (Senate Report No. 95-636).

As a result, in 1978 Congress enacted amendments to the 1968 Act in the form of PL 95-248. The Act provided: 1) the authority to purchase lands or interests in lands for Trail protection purposes, including the right to exercise eminent domain within a corridor averaging 125 acres per mile; 2) an authorized funding level of $90 million; and 3) a mandate to the Secretary of the Interior to insure substantial protection of the Trail within three complete fiscal years.

Appropriations Background: Since 1978 appropriations for Appalachian Trail land acquisition have been as follows: National Park Service: $12.5 million in FY'79, $14.3 million in FY'80, $8.5 million in FY'81, $2.69 million in FY'82, $10 million in FY'83, $8.5 million in FY'84, and $7 million in the FY'84 supplemental appropriation; USDA Forest Service: $2.0 million in FY'81, $2.12 million in FY'82, $1.3 million in FY'83, and $1 million in FY'85.

Acquisition Progress: As Table I suggests, the National Park Service, U.S. Forest Service, and a number of states, including Msassachusetts, New York, New Jersey, Pennsylvania, Maryland and Virginia, have made significant progress in planning a protection corridor for the Trail and in acquiring lands or interests in lands within this corridor. For example, of the approximately 850 miles of the Trail that were unprotected in 1978, the National Park Service has acquired over 52,000 acres through more than 1,250 transactions and extended protection along 366 miles of Trail. Similarly, the U.S. Forest Service has protected an additional 50 miles, while the states have protected over 114 miles. Overall, about 1,797 miles or 85 percent of the Trail is now permanently protected.

Project Characteristics: Much of the success of the Appalachian Trail protection program is attributable to a variety of characteristics that have resulted in substantial cost-savings:

- A partnership approach to land acquisition is a critical and cost effective characteristic of the Trail project. For example, various states along the Trail have assumed the responsibility for acquiring about 20 percent of the necessary land areas. Participation by local government units has provided at least temporary protection over municipal-owned lands through cooperative agreements. In addition, the involvement of many private organizations in the planning and negotiations process has led to reduced pre-acquisition costs and a number of donations or bargain sales.

- Flexibility in defining acquisition boundaries and substantial consultation with affected landowners has greatly reduced the need to pursue costly condemnation proceedings. For example, out of a total of more than 1,250 land transactions, the National Park Service has been forced to file adversary condemnation actions in only about 45 instances or approximately 3 percent of the cases. The experience of the U.S. Forest Service in this respect has been even more favorable.

- Use of alternative acquisition devices has also resulted in significant cost savings. For example, the National Park Service has purchased about 200 easements at less than fee simple value. Additional use has been made of donations, bargain sales, cooperative agreements and a limited number of exchanges.

- Volunteer management has been a fundamental characteristic of the Appalachian Trail project for more than 50 years. We estimate that volunteer Trail construction and maintenance programs alone result in a savings in excess of $1 million annually to public agencies. Other volunteer-based activities, including shelter and bridge construction, caretaker and ridgerunner programs, boundary monitoring programs, and visitor education services, result in even greater cost savings.

Funding Requirements: Although considerable progress has been made in the Appalachian Trail protection program, over 300 miles of the Trail remain to be protected. We believe that a significant portion of the necessary lands can and should be acquired in the balance of FY'85 and during FY'86.

In the case of the National Park Service essentially all available funds for Appalachian Trail land acquisition have already been obligated. Nevertheless, we believe that the Service could acquire a minimum of 16,000 acres, at an estimated cost of $11 million, during the next 18 months. We are therefore requesting an FY'85 supplemental appropriation of $4 million, together with an FY'86 appropriation of $7 million. (See Table II).

With respect to the U.S. Forest Service, you may recall that in 1984 the Appalachian Trail Conference and U.S. Forest Service jointly developed an inventory of right-of-way and desirable buffer acquisitions for national forest inholdings adjacent to the Trail totaling $4.3 million. (See Table III). This inventory served as the basis for the $1 million appropriation which the Forest Service received in FY'85 for A.T. land acquisition. Thus far in FY'85 the Forest Service has obligated approximately one half of these funds as well as previous year carry-over. We are requesting a similar level of funding in FY'86 of $700,000 to continue toward completion of the Forest Service program.

In conclusion, I must point out that the Appalachian Trail is an extraordinary natural and recreational resource, but it is also an unusually fragile resource. The continuity of the Trail can be shattered at any point along its 2,100-mile length. Incompatible development can significantly influence the experience of the Trail user within the relatively narrow protection corridor. And the loss of even a single parcel of land can adversely affect many miles of the Trail. We therefore respectfully request the Congress to appropriate the requested level of funds necessary to continue the progress toward a fully protected Appalachian Trail.

TABLE I
APPALACHIAN TRAIL PROTECTION PROGRESS

March, 1985

		PROTECTED THRU FEBRUARY OF 1978			TRAIL TO REMAIN ON ROADS	PROTECTED 3/78 TO PRESENT			PROTECTION PENDING		
	TOTAL MILES	NATIONAL PARK SERVICE	STATE	U.S. FOREST SERVICE		NATIONAL PARK SERVICE	STATE	U.S. FOREST SERVICE	NATIONAL PARK SERVICE	STATE	U.S. FOREST SERVICE
MAINE	272.8	-	21.0	-	1.6	35.0	37.9	-	177.3	-	-
NEW HAMPSHIRE	142.8	-	8.8	79.9	2.3	41.6	0.5	4.3	3.5	-	1.9
VERMONT	130.2	-	3.0	63.4	1.5	36.7	3.1	6.2	14.8	-	1.5
MASSACHUSETTS	78.6	-	27.5	-	4.1	15.1	16.6	-	13.1	2.2	-
CONNECTICUT	44.6	-	2.6	-	1.6	25.5	5.9	-	9.0	-	-
NEW YORK	93.7	-	29.0	-	3.3	55.4	4.4	-	1.6	-	-
NEW JERSEY	66.9	24.6	18.2	-	-	-	24.1	-	-	-	-
PENNSYLVANIA	229.5	3.1	112.7	-	5.5	57.8	9.2	-	40.9	0.3	-
MARYLAND	40.6	1.9	20.1	-	1.1	-	4.9	-	-	12.6	-
VIRGINIA	538.4	114.8	15.2	296.1	1.8	78.3	4.6	8.5	12.9	0.2	6.0
VIRGINIA/ WEST VIRGINIA	25.1	-	-	-	-	20.9	0.2	-	3.9	-	0.1
NORTH CAROLINA/ TENNESSEE	362.6	68.7	-	253.8	-	-	-	36.4	-	-	3.7
GEORGIA	78.1	-	-	77.8	-	-	-	0.3	-	-	-
TOTAL	2,103.9	213.1	258.1	771.0	22.8	366.3	111.4	55.7	277.0	15.3	13.2

TABLE II

APPALACHIAN NATIONAL SCENIC TRAIL
NATIONAL PARK SERVICE

State	Balance After F.Y. 1985		Supplemental F.Y. 1985		F.Y. 1986		F.Y. 1987		F.Y. 1988	
	Acres	Dollars	Acres	Dollars	Acres	Dollars	Acres	Dollars	Acres	Dollars
Maine	18,446	6,763,500	4,475	1,760,000	6,600	2,151,500	3,500	1,339,280	3,871	1,512,720
New Hampshire	240	578,500	000	000	110	200,000	40	178,500	90	200,000
Vermont	1,750	1,906,340	200	200,000	360	400,000	660	700,000	530	606,340
Massachusetts	2,816	3,501,540	330	500,000	625	800,000	1,021	1,200,000	840	1,001,540
Connecticut	1,135	2,156,120	250	400,000	330	600,000	305	756,120	250	400,000
New York	400	808,500	150	300,000	110	208,500	100	200,000	40	100,000
New Jersey	000	1/	000	1/	000	1/	000	1/	000	1/
Pennsylvania	5,152	5,944,920	533	400,000	1,200	1,700,000	1,300	2,000,000	2,119	1,844,920
Maryland	000	150,000 1/	000	40,000 1/	000	40,000 1/	000	60,000 1/	000	10,000 1/
Virginia	1,500	2,666,100	265	400,000	570	900,000	400	966,100	265	400,000
West Virginia/ Virginia	100	224,480	000	000	000	000	50	100,000	50	124,480
TOTAL	31,539	24,700,000	6,203	4,000,000	9,905	7,000,000	7,376	7,500,000	8,055	6,200,000

1/ Additional funds may be required if the States of Maryland and New Jersey do not complete their programs.

TABLE III

APPALACHIAN NATIONAL SCENIC TRAIL
USDA FOREST SERVICE

STATE	FOREST	DESCRIPTION			JUSTIFICATION			
		NO. OF TRACTS	NO. OF* ACRES	TREAD** MILES	PROVIDE RIGHT-OF-WAY	PERMIT RELOCATION	SCENIC PROTECTION/ SIDE TRAIL	TOTAL
NH	WHITE MTN.	6	1,170	1.91	$80,500	—	$208,000	$288,500
VT	GREEN MTN.	33	1,858	1.49	$29,200	$154,850	$385,792	$569,842
VA	GEORGE WASHINGTON	18	830	.20	$15,000	$216,000	$ 84,000	$315,000
	JEFFERSON	107	2,069	6.7	$460,376	$230,000	$578,000	$1,268,37
NC	PISGAH/ NANTAHALA	39	916	2.1	$281,150	$201,750	$268,050	$750,950
TN	CHEROKEE	94	1,423	3.4	$218,000	$400,800	$414,400	$1,033,200
GA	CHATTAHOOCHEE	5	56	—	--	--	$ 43,500	$ 43,500
TOTALS		302	8,322	15.80	$1,084,226	$1,203,400	$1,981,742	$4,269,368

*The acreage and values indicated here do not include acres or values for remnants (whole tracts) or broader recreation composite or inholding acquisitions which may be desirable or necessitated by landowner preference.

**Tread miles do not include proposed relocations.

STATEMENT OF WILLIAM C. LIENESCH, DIRECTOR OF FEDERAL ACTIVITIES, NATIONAL PARKS AND CONSERVATION ASSOCIATION

The National Parks and Conservation Association appreciates the opportunity to submit comments on the Fiscal Year 1986 budget for the National Park Service. While there are many aspects of this budget that are of concern, one of the most important is the resource management account. A $2.6 million cut is proposed in this account for FY 1986. This comes from the cultural resources portion of this account. The natural resource management program is not cut. We do not believe that cultural resource preservation efforts should be reduced. In fact, they should be increased by approximately $5 million. These increased funds would be used for numerous projects involving stabilization of historic buildings at several parks including Herbert Hoover NHS, Lincoln Home NHS and the Cuyahoga Valley NRA, curatorial treatment of archaeological artifacts, archaeological surveys, ruins stabilization and many other necessary projects.

Resources management funding for natural resources management must also be increased. Originally, the Administration did not include natural resources funding as part of the Park Restoration and Improvement Program (PRIP). Congress added $10 million to PRIP in FY 1983 for resources management. The Administration, to its credit, kept $7 million in the Park Service budget in subsequent fiscal years including FY 1986. However, in light of the important resources that need to be protected and the many problems facing those resources, $7 million is extremely inadequate.

Based on our own analysis, we recommend an increase of at least $25 million per year. Increased funding of that amount annually will allow many important resource problems to be addressed. For example, the Park Service needs additional funding for baseline studies. In various parts of the Park System, including the Mid-Atlantic Region, a data base needs to be established for threatened, endangered and exotic species. At Indiana Dunes, test wells need to be drilled and surface water testing sites established to monitor contamination from a nearby landfill. In many parks including those in the Midwest Region, funds are needed to restore disturbed areas that may have been affected by erosion, development and other activities. Funds are also needed at many parks to study or restore endangered or threatened species including bald eagles, peregrine falcons and the grizzly bear. These few projects exemplify the huge number of existing resource management needs.

Increased funding will allow more trained personnel to be hired. Currently, less than 1% of Park Service personnel are involved in resource management on a fulltime basis. This certainly is not satisfactory for an agency dedicated to preserving our most important natural and cultural resources.

While there are a multitude of resource management needs, we would like to discuss just one in slightly more detail. In the last year, air pollution generated ozone damage has been uncovered in nearly every park unit in which it has been investigated. Three particularly hard hit parks are in the eastern United States--Acadia, Shenandoah, and the Great Smokies. On the Blue Ridge Parkway, the species of pine most susceptible to ozone damage has been completely eliminated. These observations, however, are the result of simple visible injury surveys. Long term monitoring and scientific data collection are needed in order for air pollution causes and effects to be documented followed by attribution studies to be able to establish specific sources.

The land acquisition budget also needs to be improved significantly. Under former Secretary Watt, funds were only requested to handle land acquisition cases being decided in the courts. Fortunately, Congress appropriated substantial increases. In Fiscal Year 1985 the Administration requested $100 million which provided funds for some new acquisitions. Now, we have come full circle where once again very little funding is being requested. To make this situation worse, the Administration is proposing this totally inadequate funding for three years. In fact, the proposed budget of $11 million is much lower in percentage terms than Secretary Watt's worst budget of $29 million.

Clearly, the needs are much greater. In parks in all parts of the country there are important resource lands that need to be acquired. There are numerous willing sellers that want to sell their land and in many cases, because of the nature of the local real estate market, the Park Service is the only possible buyer. In other cases, such as the Santa Monica Mountains National Recreation Area, funds are needed to purchase lands before they are developed.

Overall, the land acquisition needs for the National Park Service are at least $150 million. Including the projects of the other eligible federal agencies, the total Land and Water Conservation Fund needs exceed $300 million. State need figures are also in this $300 million range. We realize that the total need of $600 million is not achievable in FY 1986. We urge Congress to appropriate as much as possible and to reject the Administration's attempt to eliminate virtually all LWCF appropriations. In addition, we are very concerned about the failure of BLM to request supplemental firefighting funds to reimburse the $30 million borrowed in FY 1985 from the Park Service land acquisition account. These funds were appropriated by Congress to ensure that needed parklands are protected. We strongly urge the Subcommittee to appropriate necessary supplemental funding to ensure that these very important land acquisition funds are not lost.

Although the cuts in the maintenance budget are not nearly as extensive, they are still very troublesome. The proposed $22 million reduction amounts to about 10% of the maintenance budget. Last year, the Administration had indicated that it was examining a post-PRIP program that would ensure that park facilities did not deteriorate. Such a program would probably include an improved cyclic maintenance program. While major increases in the maintenance account may not have been possible, major reductions certainly were not expected. A stable and consistent funding level is necessary

For four years, the Park Service has been receiving an average of over $100 million annually in the construction budget. This year the construction budget is proposed for a 55% reduction to $50 million. The $50 million level was decided upon by taking the FY 1981 level of $43 million and correcting for inflation. It would have been much better to determine what the real construction needs are, rather than arbitrarily choosing an inflation adjusted pre-PRIP level from FY 1981. There is little doubt that cuts can be made in the construction budget. However, to determine an adequate level, an analysis of the needs over at least five years must be completed and then stable funding provided for that entire period.

Since FY 1983, the Park Service has been receiving funding from the highway trust fund. The Park Service was scheduled to receive $100 million in FY 1986, but the Administration is requesting zero funding. The primary purpose of this funding is to rehabilitate existing park roads. About twenty-five percent of the funding has been used for new road construction. This is one area where some savings might be achieved. New road construction in particular can be deferred to subsequent fiscal years. This is another example, however, where the savings may be illusory. On the one hand, road construction costs may increase. On the other, it is possible that any funds not allocated to the Park Service in FY 1986 may be reallocated to the states. If this were to occur, no savings would result and these funds would be permanently lost. Consequently, needed rehabilitation would not occur. Thus, before any of these funds are cut in FY 1986 it is imperative to ensure that they will be available to the Park Service in subsequent fiscal years.

Another area of concern is the river and trails program. The Administration is proposing a cut of $1.1 million in the river and trails program including a reduction of 44 full time equivalent positions. In percentage terms, this is one of the largest personnel cuts in any Park Service account and it is totally unwarranted. The rivers and trails program is very inexpensive and very effective. Much of the funding is used to provide technical assistance to states and localities. It makes no sense to cut this program at a time when states and localities are being asked to step up their efforts.

The reduction of $49,000 in the natural landmark program is also unwarranted. At a time when virtually no new parks are being created, it is essential to keep the natural landmark program adequately funded. Last year, Congress added $50,000 to this program. In FY 1986 we recommend an addition of at least $125,000.

The National Park Service is also responsible for administering some grant programs. We believe that a very worthwhile program deserving support is the Urban Parks and Recreation Recovery Program. A funding level of $10 million is the minimal amount needed to keep this program operating in FY 1986. Similarly, we recommend an appropriation of approximately $25 million for the Historic Preservation Fund which has proven to be very effective.

We are concerned by the decreases in personnel levels. The levels proposed in this budget are approximately 250 full time equivalent positions lower than two years ago. If anything, the Park Service needs more personnel to serve increasing numbers of visitors and deal with growing resource problems. The parks are understaffed even with efforts to move personnel from Washington and the regions to the field. While it may be difficult to increase personnel levels at this time, there certainly should be no reductions.

We are also very concerned about the effects of Section 2901 of the Deficit Reduction Act on the National Park Service. The Park Service has to cut approximately $9 million from various accounts including operation of motor vehicles and travel and transportation. Unfortunately, these reductions affect the Park Service's ability to carry out necessary patrols for resource monitoring and public safety and other important activities. While cuts in these accounts are appropriate for other agencies, they reduce the Park Service's ability to carry out its essential responsibilities.

Please let us know if you would like additional information concerning our views on the FY 1986 budget for the National Park Service.

MINERALS MANAGEMENT SERVICE

STATEMENT OF THE AMERICAN INDEPENDENT REFINERS ASSOCIATION

Introduction

The American Independent Refiners Association represents about one-third of the nation's independent refining sector. The Association's comments today address the Administration's proposal to phase out funding for the Royalty-in-Kind ("RIK") program. More specifically, the Association's members respectfully urge this Subcommittee to reject language within the Department of Interior budget proposal which would prohibit the Secretary of the Interior from accepting royalties "in kind" except due to a national emergency. 1/ In effect, this proposal would eliminate the RIK crude oil sales program, which is operated by DOI's Minerals Management Service.

Access to RIK crude oil has long been vital to the nation's crude deficient refiners, and a phaseout of the RIK program could seriously injure a number of independent refining companies. AIRA's members would support, as an alternative to ending the RIK program, the reinstitution of a participant fee sufficient to cover the program's administrative costs and cause the program to be revenue-neutral.

The RIK Program Has Long Been Vital to Independent Refiners

Under the Mineral Leasing Act of 1920 ("MLA") 2/ and the Outer Continental Shelf Lands Act ("OCSLA") 3/ DOI has been selling government royalty oil to independent refiners for decades. Congress adopted the RIK statutory provisions 4/ as a matter of public interest almost forty years ago in order to provide independent refiners with access to Federal royalty oil otherwise held captive by the integrated major oil companies. 5/

The vast majority of all domestic crude oil production is directly or indirectly controlled by and absorbed into the systems of the integrated, major oil companies. For example, approximately ninety percent of all crude oil produced in the West Coast area is directly or indirectly controlled by the majors. The concentration of control of crude oil is being further exacerbated by the oil company merger trend. However, the OCSLA and MLA do provide a limited source of alternative crude oil supplies. Under these Acts, government royalty oil is made available to independent refiners whenever DOI determines that sufficient supplies of crude oil are not available to them in the open market. Independent refiners purchase that government royalty oil at the market price--there is no Federal subsidy involved.

The petroleum industry operates in a cyclical business environment. At any given time, in any particular geographic area, there may be either an abundance or a shortage of available crude oil. However, all independent refiners know from

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1/ Appendix to the Budget for Fiscal Year 1986, at page I-M10.

2/ 30 U.S.C. §181, et seq. (1920).

3/ 43 U.S.C. §1331, et seq. (1953).

4/ 30 U.S.C. §192 and 43 U.S.C. §1353.

5/ See, e.g., 92 Cong. Rec. S. 680 (1946).

sore experience that, from time to time, achieving access to crude oil at the real market price will be for them a critical problem. Thus, continued access to crude oil under the RIK program, as an alternative to crude oil which is largely controlled by the majors, is of great importance to independent refiners.

This need for government royalty oil is currently demonstrated on the West Coast by the fact that all available crude oil offered by DOI under the RIK program has been and is being purchased by West Coast independent refiners. Although Gulf Coast independent refiners currently are not purchasing RIK oil, because of the availability of lower priced spot crude oil in that market area, inevitably that surplus situation will change again and independent refiners in the Gulf will look once more to RIK oil.

Another OCSLA provision also should be operating to ease independent refiners' crude oil access problems, but that is not the case. When Congress amended the OCSLA in 1978, it adopted a provision requiring licensees to offer to sell to small or independent refiners twenty percent of the production from any lease entered into after the amendments' passage. [6] However, the DOI has taken the position that the provision was not intended to establish a regulatory program. The Department's effort to implement the requirement has been limited to the inclusion in the standard lease form of a statement of the lessee's obligation to offer to sell the production to small or independent refiners. There is no program to enforce the obligation, and DOI has not even made sufficient leaseholder production information available to assist independent refiners' own efforts to seek enforcement. The failure of the twenty-percent set-aside to play a real role in assuring access to crude oil from Federal lands makes the RIK program particularly important.

RIK Phaseout Would Threaten the Viability of Some Refiners

Independent refiners today directly employ about 100,000 workers; they play an important competitive role in the petroleum product marketplace; and they produce more than one-half of the nation's defense fuels needs. In recent years, however, for a complex series of reasons, the number of independent refiners has declined dramatically. Today, many of the remaining independent refining companies are struggling to remain in business, and the important contributions of the independent refining sector are in jeopardy. In the short term, continued access to RIK crude oil is critical to the very existence of some independent refining companies, particularly those on the West Coast. Elimination of the RIK program certainly would accelerate the attrition rate among independent refiners.

Continuation of the RIK Program Could Be Revenue-Neutral

AIRA's members recognize the importance of reducing the nation's deficit. However, they would like to respectfully point out that continuation of the program could be revenue-neutral. Authority is already in place for implementation of a small administrative fee which would fully offset the costs of running the program, and independent refiners would support and gladly pay such a fee. Or, if the Congress would prefer to specifically tie the revenues generated from such a fee to the costs of the RIK program, AIRA would support the enactment of any necessary additional authority.

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[6] 43 U.S.C. §1337(b)(7), Public Law 95-372 (Sept. 18, 1978).

Conclusion

Independent refiners have long regarded access to RIK crude oil as necessary to their ability to compete with the major oil companies, which control most of the nation's crude supplies. Without the program, additional independent refining companies would go out of business. Because the RIK program is so vital, independent refiners would be happy to pay the costs associated with its administration. AIRA's members urge the Congress to reject the proposal to kill the program.

BUREAU OF MINES

STATEMENT OF FRANK DELLI-GATTI, JR., VICE PRESIDENT, COALTEX, INC.

I thank you for the opportunity to appear before you to discuss the need for a new mining technology that will provide a healthier and safer environment for the miner, and also harvest coals not presently mineable--at a competitive price.

My name is Frank Delli-Gatti, Jr. I am the Vice President of Coaltex, Inc., a small company which was formed some years ago to do research and development in coal production technology. Coaltex is a subsidiary of, and a sister company to, a number of small independent coal companies in southern West Virginia which are headed by James C. Justice. Mr. Justice is unable to be with you today and has requested that I present our remarks to you and answer any questions you may have.

We are in desperate need of new equipment and mining methods capable of safer and more economical coal production. We must assure the citizens of the United States an adequate and dependable supply of energy to meet its defense and economic needs, but we must do it at costs which are acceptable.

We, as producers and small businessmen understand, perhaps better than anyone else, that we must become more productive if we are going to become competitive. If we want to give the unemployed miners in Appalachia an opportunity for employment again, we must find a better way to produce coal more safely and at a competitive price.

Industry is very much concerned, not only over the direct economics of coal mining but over the dangers inherent in the current methods of mining. Over the past decade, through better understanding and improved technology, the rate of mine related accidents has fallen to where it is comparable to other industries. This is still not acceptable! Coal mine accidents are more more likely to result in serious injury or death. In 1984 there were 124 coal mine fatalities. In addition there were over 500,000 people receiving black lung benefits which have cost industry and government $16.3 billion since 1970, not to mention the misery that has been inflicted on these thousands of people.

In the Appalachian Region of the United States we have billions of tons of coal of very high quality that could be mined and consumed and still meet all current environmental standards. However, the cost of production and social legislation is making our reserves prohibitive to mine. We believe Coaltex has developed the mining technology to mine this coal safely and economically. This should not only result in stimulating the economy in an area which is shamefully depressed but will recover energy that would otherwise be lost. When fully developed, the equipment will be able to mine coal a thousand feet or more from a strip highwall. It will provide its own ventilation, guidance, and dust control eliminating exposure to black lung disease!

Our new system mining will have a much greater output in terms of tons per man shift than is possible today. This does not mean less employment. At the present time, many mines are completely idle and the men are out of work because the equipment that they worked with was not productive enough to compete. As you know, we operate in a competitive world market. If the United States cannot produce at a price that is competitive with the other coal producing countries of the world, we will not produce at all.

We also recognize that we have the obligation to the individual we employ to do everything humanly possible to provide a safe and healthy place to work. If this mining machine had been developed, it would have been the perfect tool to reach the trapped miners in the Utah mine disaster.

We have designed this machine to provide a healthy and safe environment for the miner as our first requirement, also recognizing that coal, however abundant, is a finite resource. In addition to all of the other advantages it will be possible to recover millions of tons from mountainous areas that have been sterilized by auger mining.

We have answers which will go a long way toward solving some of these problems. We have spent nine years and over three million dollars developing a new mining system that is both safer and more efficient than present day technology. We have built a prototype and proven the idea. So why don't we finish it? The answer is really quite simple--we don't have the money! Our industry is in such a depressed state that equipment suppliers and producers such as ourself cannot afford these expenditures. We are struggling just to exist, let alone provide further financial resources for the development of revolutionary equipment. We, at Coaltex, have invested all of the money we can afford in an attempt to develop equipment that would materially increase the health and safety of the miners and improve the economics of producing coal. Thre is an urgent need for research to fully develop this mining technique. And government help is required.

Gentlemen, I cannot stress too strongly our concern for our future in the coal markets of the world as well as in our own United States. I thank you for your time and hope you see your way clear to support our request for the funding to complete this project. We believe that the development of this mining technology is in the national interest.

I would be most happy to answer any questions you may have.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

STATEMENT OF JAMES S. LYON, DIRECTOR, CITIZENS MINING PROJECT, ENVIRONMENTAL POLICY INSTITUTE

I am James S. Lyon, Director of the Citizens Mining Project of the Environmental Policy Institute (EPI). EPI has regularly testified before this Subcommittee regarding the adequacy of OSM's budget for the Agency to meet its mandated responsibilities.

As has been recently documented before the House Interior Committee, and the House Government Operations Subcommittee, the Office of Surface Mining is plagued with severe problems in its implementation and enforcement of the Surface Mining Reclamation Act. Many of the problems are simply a result of the Agency's inability, or unwillingness, to respond to the certain state enforcement failures. Because of this breakdown, we are now seeing a return of systemic mining abuse of pre-Act severity. Appearing over the last couple years are thousands of new illegal two-acre mines, thousands of illegitimate coal exploration sites, and thousands of acres of new unreclaimed lands due to inadequate bond levels, premature bond release, or poor reclamation altogether. OSM has not, nor cannot, deny the existence or extent of this new abuse. In fact, the Secretary of Interior has stated to us that he is deeply concerned about the severe problems in OSM. To underscore his concern, he has placed a high level management team to take over management control in place the resigning Director, John Ward.

However, stronger management and good intentions is simply not enough, the Agency needs more resources. Specifically OSM needs more inspectors, and a compentent back-up organization to sufficiently handle the increased enforcement workload that will be generated by cracking down on this new on-the-ground abuse.

In reviewing the OSM budget, however, we fail to see any resources or funds being made availible to respond to these new problems. Therefore, we call upon this Subcommittee to provide OSM with resources adequate to enforce the law. Since it is unlikely that the Interior budget will be increased this year due to the deficit, we strongly recommend that resources be diverted from less priority programs within the Interior Department, for the purpose of addressing the present gross abuse in the coalfields.

One of the central purposes behind the Surface Mining Act was to stop systemic mining abuse in the field. Certainly this too must be OSM's and Congress' top priority.

We are deeply concerned with other portions of the OSM budget as well:

RETURN OF FULL PRIMACY TO TENNESSEE AND OKLAHOMA

OSM proposes to return primacy to Tennessee on June 1, 1986, and has budgeted its federal program accordingly. Despite the fact that a bill, essential for this action, is very uncertain for passage in the Tennessee legislature this year. And despite strong citizen objection the Agency has apparently already made up its mind. We question where OSM will get or borrow the funds to continue its federal program in the state if a bill is not passed?

Oklahoma is in a similar situation whereby OSM intends to return full authority to the state by October 1, 1985 despite citizen and certain industry concern. We still see significant problems in the Oklahoma regulatory authority, and believe it is extremely premature to hand back the program after such a short time.

ABANDONED MINE LAND FUND - STATE SHARE

OSM is recommending a reduction of $46.5 million in AML state share grants. The Agency has been extremely reluctant over the years in releasing this money back to the states for reclamation. Despite Congress' actions in the past to substantially increase AML funding, OSM is at it again. The intent of the fund was to abate AML sites as soon as possible, not hold the money in an account. If the states show that they can adequately handle more money to address more reclamation, then OSM should give it to them. And they should give it to them now, not over a period of years. It will always be more economical to reclaim abandoned lands today than it will be tomorrow.

Regarding the fact that some states have failed to spend their last years allocation, it is important to understand that construction grants often take 3 years to complete. Certainly they should not be denied additional grants. However, if a state is having problems we call upon OSM to assist these states so that higher reclamation levels can be met.

ABANDONED MINE LAND FUND - EMERGENCY RESPONSE

One of OSM's primary responsibilites under Title IV is to directly respond to emergency problems created by abandoned mine sites. Such problems can be extremely dangerous to the public. As of March, OSM has currently run out of FY'85 appropriated federal share dollars for emergency response. According to OSM, it has had to postpone its response to several emergency projects until it obtains approval for an additional $11 million. Such postponement is inexcusable.

Furthermore, the Agency has recommended only $11 million for emergency response in FY'86. This recommendation was made despite the fact that OSM will spend approximately $22 million in FY'85, $19 million in FY'84, and $15.9 million in FY'83. Clearly OSM is not being realistic to its emergency duties, or program, and is inviting more future delays in responding to such serious problems.

ABANDONED MINE LAND FUND - RAMP

Once again OSM is seeking to abolish the rural abandoned mine land fund, despite provisions in the Act for its existence, and past Congessional action to save it. This program is not only cost effective, it also works closely with local communities in addressing and reclaiming rural abandoned lands. Congress clearly saw the need to provide an alternative delivery vehicle for addressing these lands. Citizen organizations that we work with are extremely skeptical that the states will be willing and able to spend AML grants on RAMP type projects not to mention hearing their concerns. We too believe that this program and this responsibility is better left with the SCS who has already demonstrated an excellent track record in implementing RAMP and working closely with local citizens.

In sum, we call upon this Committee to transfer funds from elsewhere in the Interior budget so that OSM has inspection and

enforcement resources adequate to meet its most serious priority, the prevention of on the ground abuse. Secondly, we ask the Committee to increase AML grants to levels that the states need and can use, increase OSM's AML emergency response funding, and save the RAMP program.

Thank you for the opportunity to testify.

STATEMENT OF NICHOLAS DEBENEDICTIS, SECRETARY, PENNSYLVANIA DEPARTMENT OF ENVIRONMENTAL RESOURCES

I am Nicholas DeBenedictis, secretary of the Pennsylvania Department of Environmental Resources, the state agency responsible for administration and management of the abandoned mine land program.

I thank you for this opportunity to present testimony concerning the proposed 1986 Department of the Interior budget for the Office of Surface Mining. In regard to the Commonwealth's continuing need for adequate financial support from the Office of Surface Mining, I shall also speak on the status of environmental actions and regulatory programs affecting coal mining in Pennsylvania.

I will also address Pennsylvania's special needs for federal reclamation funds to restore the Commonwealth's natural resources for the health and safety of our citizens.

Reclamation, remining and regulation are the three "R's" that are required if Pennsylvania is to prosper from its vast coal reserves and eliminate the environmental hazards and blights left from the past. And I am here today to tell you that the Commonwealth of Pennsylvania is tackling the past and present problems of the coal industry head-on -- with the enforcement and financial tools provided by the U.S. Congress, the support of the Office of Surface Mining and the cooperation of today's mining industry. I would especially like to thank this subcommittee for its support over the last several years.

We are not saying we have solved the problems; we are saying we have begun, and further, we have made significant progress since Pennsylvania was granted the primary enforcement responsibility for coal from the federal government in July 1982.

Indicative of the progress Pennsylvania is making is our abandoned mine land reclamation program, under which the Commonwealth has this year applied to the Office of Surface Mining to reclaim 95 areas within the Commonwealth that present significant health and safety problems for our citizens. Every proposed project includes a priority 1 or 2 problem.

Last year's record grant to Pennsylvania allowed us to undertake reclamation work on 49 areas throughout the Commonwealth, including the second phase of subsidence control for the Lackawanna County community of Carbondale, the Percy mine fire in Fayette County and the filling of 37 open shafts in the anthracite region like the one near Llewellyn where six young people were killed.

As helpful as this federal fund has been for projects already begun, it is dwarfed by the enormity of abandoned mine problems in the Commonwealth -- a legacy of an estimated $15 billion in reclamation needs from over a century of mining that supplied the energy needed for the development of this nation.

The Commonwealth has the greatest need of all the states in the country to clean up hazardous abandoned mine lands, a result of Pennsylvania having produced fully one-third of all coal mined in the United States up to 1977, when the federal Surface Mining law was enacted.

The support we have received clearly shows that Congress and the Office of Surface Mining recognize Pennsylvania's desire and ability to implement and manage a major reclamation program. To that end, we are nearly doubling our Abandoned Mine Land staff from 125 to 220 employees this year for what we assume will be a steady flow of support from Congress and the Administration for Title IV reclamation work.

We are concerned, however, with the proposal to reduce the Office of Surface Mining's Title IV Abandoned Mine Land Program from $257.7 million last year to $211.2 million in Fiscal Year 1986, at a time when our state has geared up to address a problem long neglected and certain to deteriorate further if left unattended. If approved, this reduction in funds generated for this purpose by the 35-cent-per-ton reclamation fee on surface-mined coal and the 15-cent-per-ton reclamation fee on deep-mined coal could significantly hamper Pennsylvania's efforts to deal with a problem of enormous proportions, one that will not go away on its own or be solved by the state alone.

The state's own program to reclaim abandoned sites where bonds have been forfeited since the passage of the Surface Mining Control and Reclamation Act in 1977 has also grown dramatically. In fiscal 1979-80, the first year of the program, the Department of Environmental Resources funded $350,000 in projects. In fiscal 1983-84, the Department funded $2.5 million in projects -- more than a seven-fold increase.

This year we expect to fund over $4 million in reclamation work, and we are exploring a variety of ways to reclaim the state's remaining bond forfeiture sites.

Bond forfeiture projects are funded through a combination of the forfeited bonds, collections of the special $50-per-acre reclamation fee imposed on active miners in Pennsylvania and supplemental federal funds where eligible. The $50 fees, enacted in 1981, have made it possible to begin reclaiming older abandoned sites whose bonds were insufficient to cover proper reclamations. Bonding rates, only $500 an acre as recently as 1977, are now a minimum of $3,000 an acre for active mines.

Obviously, public-funded reclamation alone is not enough to solve our $15 billion abandoned mine problem. And that brings us to the second part of our coal equation -- remining.

I firmly believe that millions of dollars of reclamation work can be done annually by the private sector, at no cost to the state or federal government. We are exploring several approaches to encourage industry reclamation through remining of a large portion of the more than 250,000 acres of abandoned surface areas in the state.

Two state acts, signed into law late last year by Governor Dick Thornburgh, eliminate previous legislative barriers and provide incentives to industry for the remining and reclamation of a potential 100,000 acres of scarred and abandoned strip mine lands in the Commonwealth.

These laws remove at least the state regulatory impediments to merging our twin goals of remining and reclamation. Our expectations are high for final federal approvals by the Office of Surface Mining and the Environmental Protection Agency of the innovative concept.

The final key to the coal formula is regulation -- the assurance that the mistakes of the past will not be repeated.

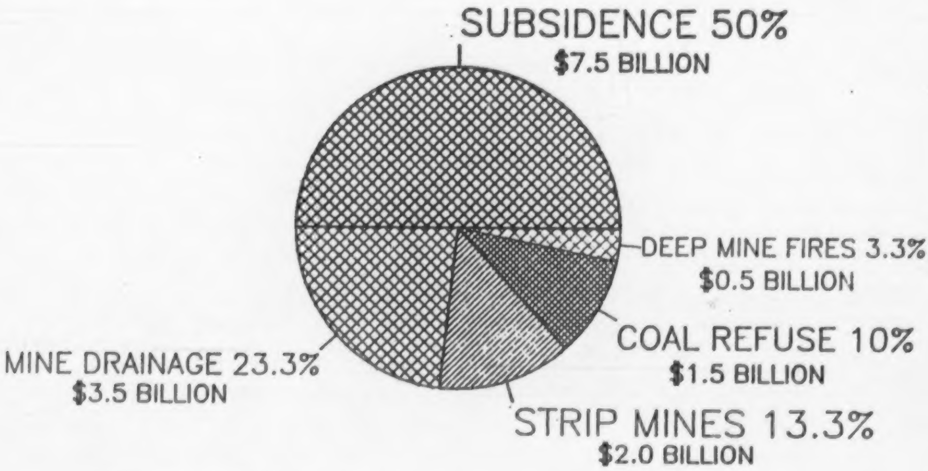
DER active mining regulatory staff has increased over 100 percent from 139 employees in 1979 to 277 in 1984. Mining inspections are up 271 percent, from 8,083 in 1979 to over 30,000 in 1984. Major violations cited by DER inspectors increased 178 percent from 956 in 1979 to 2,658 last year, and civil penalties jumped 5000 percent from $10,100 in 1979 to $525,000 in 1984.

These figures demonstrate that Pennsylvania takes its regulatory authority seriously. We are moving to the day when violations and penalty collections will decrease -- not because of any lack of enforcement but because the firm but fair regulatory policies of the Commonwealth have succeeded and coal operators are in compliance with rules and regulations.

By continuing your support for predictable funding of abandoned mine land reclamation, Pennsylvania will soon be able to eliminate the worst of these hazards, and a debt owed the Commonwealth and the hundreds of thousands of our parents and grandparents who toiled and, all too often, gave their lives to produce the coal that fueled this country's factories and homes can finally be repaid.

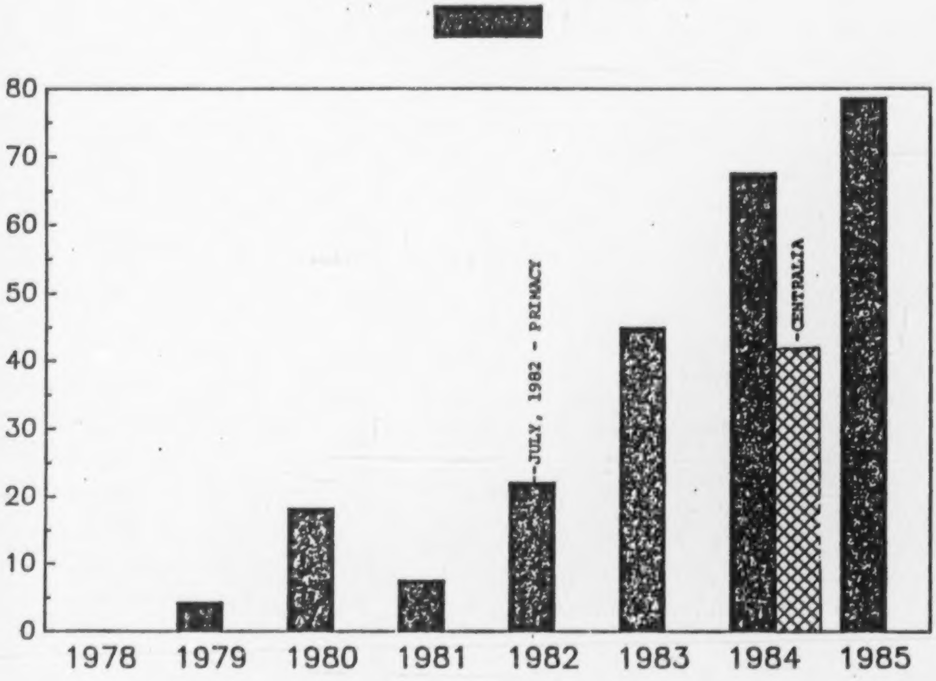
ABANDONED MINE LANDS

PENNSYLVANIA'S $15 BILLION PROBLEM

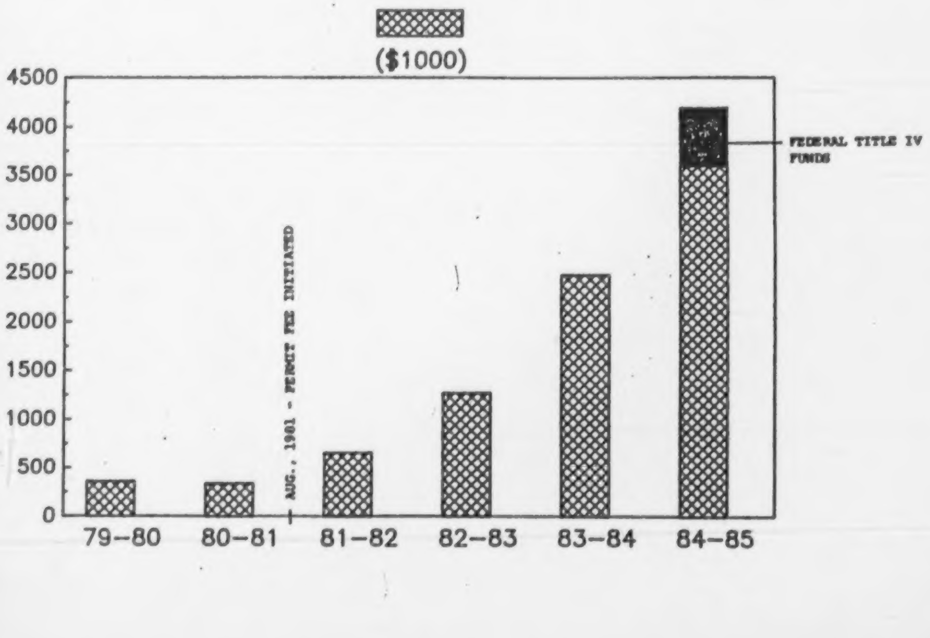


PA'S TITLE 4 RECLAMATION PROGRAM

(MILLIONS OF DOLLARS)

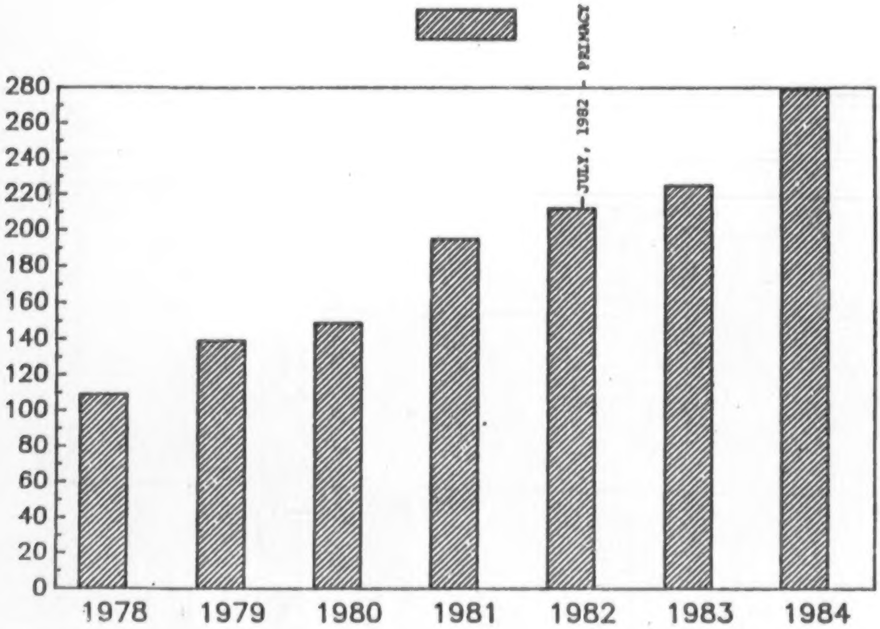


BOND FORFEITURE RECLAMATION PROGRAM



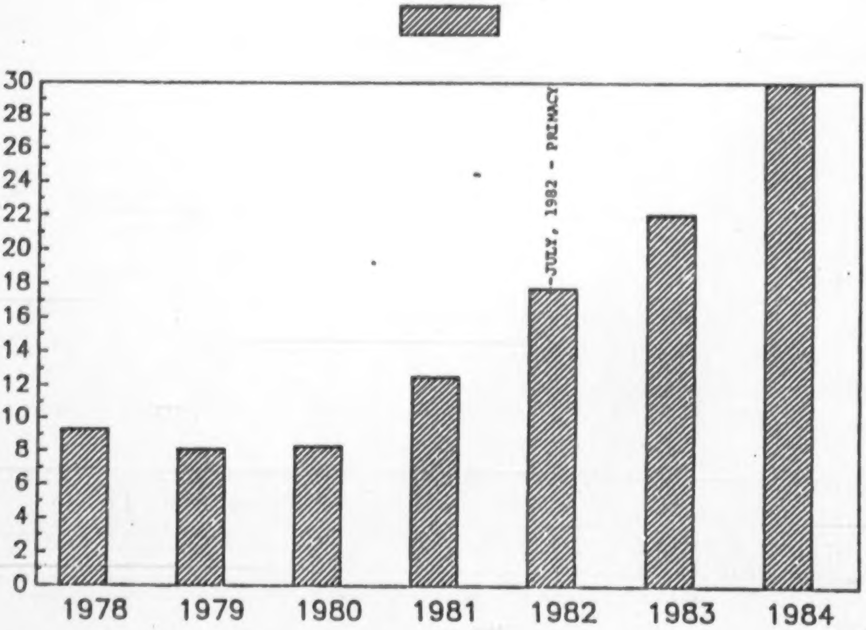
BUREAU OF MINING & RECLAMATION

STAFF



MINING INSPECTIONS

(IN THOUSANDS)



LETTER FROM SANDRA EDWARDS, EXECUTIVE DIRECTOR, TENNESSEE CITIZENS FOR WILDERNESS PLANNING

March 15, 1985

The Honorable James McClure, Chairman
Senate Appropriations Subcommittee on Interior
United States Senate, SD-114
Washington, D. C. 20510

Dear Senator McClure:

Tennessee Citizens for Wilderness Planning has just become aware of the fact that the budget for the Office of Surface Mining for fiscal 1986 makes no provision for funding a surface mine control program for Tennessee after June 1986. Evidently the assumption is being made that the state will reassume primacy by that date.

Our organization has been involved in the issue of strip mine control in Tennessee since the 1960s, having played an active role in passage of state laws in 1968, 1972 and 1980. Most recently we have participated in hearings and given testimony regarding the new federal program for Tennessee and presented written comments regarding the bill that has been introduced by Governor Alexander as a first step in attempting to regain primacy.

With this as background, we would like to state that we think it is highly unlikely that the state will be able to achieve primacy by 1986. For one thing, it is by no means certain that a state strip mine control law will be passed during the present legislative session which will probably end in April. This is in part because industry evidently opposes the bill and because many of the legislators are not anxious to do battle with the issue again so soon after last year's unpleasant fracus. Even if the law were to be passed, the June 1986 deadline would give the state only one year to write the accompanying regulations, hire and train a staff, and do all that is necessary to demonstrate what they have never been able to demonstrate before - competence to run their own program. Experience tells us that this is not a realistic expectation.

For that reason, we are asking that an allocation at least equal to that made this year for a federal program for Tennessee be made in the 1986 OSM budget.

We would also like to comment on the proposed cut of $46 million to come from AML grants. The statement is made (page OSM-4, U.S. Dept. of the Interior Budget Justifications, F.Y. 1986, OSM) that "the reduction will enable better long-term management of program resources." In fact, the entire discussion about State Reclamation Program Grants in the budget document talks only in terms of administration, neglecting entirely to mention that the purpose of the AML fund is to reclaim abandoned mine sites that are a threat to health, safety and the environment. We fail to understand why stable levels of funding are important. We feel this is just an excuse to use the $46 million, interest-free, for other purposes. Meanwhile, scarred land will go unreclaimed and inflation will erode the value of the AML Fund so that, if ever appropriated, it will accomplish less reclamation. This seems to be just another effort to subvert the intent of law by budgetary means.

Finally, the statement is made (page OSM-3, under Highlights of the Fiscal Year 1986 Request) that, "The agency proposes to derive the pay supplemental by transferring unobligated prior year balances from the Abandoned Mine Reclamation Fund appropriation." We question whether it is legal (or appropriate) to use AML monies for regulatory purposes and do not want to see such a precendent set.

Tennessee Citizens for Wilderness Planning is a conservation organization with over 400 members in Tennessee and many other states. Our major goal is to protect Tennessee's natural environment, but we have been actively involved with environmental issues on the national level as well.

We request that this letter be considered as testimony for the record and thank you and your subcommittee for this opportunity to comment.

Sincerely,
Sandra Edwards
Sandra Edwards
Executive Director

BUREAU OF INDIAN AFFAIRS

LETTER FROM JUDGE DAVID L. HARDING, VICE PRESIDENT, NORTHWEST TRIBAL COURT JUDGES ASSOCIATION

April 2, 1984

Dear Congressional Member:

Attached you will find testimony for the Subcommittee on Department of Interior and related agencies appropriations by Judge David L. Harding; vice president of the Northwest Tribal Court Judge Association. We feel that the need for this training certainly justifies the request. Could you please review this material and lend your support wherever possible. Any help you may be able to give will be appreciated.

Please write us or call if there are any questions we might answer.

Respectfully,

David L. Harding

Judge David L. Harding

PS: Please respond to:
Tribal Court
P.O. Box 150 Nespeiem, WA 99155

STATEMENT OF JUDGE DAVID L. HARDING

Good Afternoon, my name is Judge David L. Harding, Vice-President of the Northwest Tribal Court Judges Association and Appellate Court Judge for the Colville Tribe, Quinault Indian Nation, Makah Indian Nation, and the Northwest Inter-Tribal Court System. I am speaking to you today on behalf of the Northwest Tribal Court Judges Association to request that $1.5 million of the FY 1986 B.I.A. Budget Justification calculated at $10.598 million for Tribal Courts be earmarked for training of tribal court judges in the northwest by the Northwest Tribal Court Judges Association.

The Association was organized over 21 years ago to provide quality judicial services to tribal courts throughout the Northwest. The Association has a membership of over 60 tribal court judges from the states of Alaska, Oregon, Washington, Montana, and Idaho.

The court systems in which these judges work do not have adequate funding, supplies, personnel, or training available. Judges in many tribal courts are being called upon to do the impossible as public servants--to handle an increasing number of cases with little training or resources. As a result, tribal judge turnover is very high.

At this time, the B.I.A. and National American Indian Tribal Judges Association have been the only sources of training for tribal court judges. The B.I.A.'s Request For Proposals program has primarily provided training in advocacy on how to present cases to judges, but not training for the judges themselves. The National Tribal Court Judges Association, which grew out of the Northwest Tribal Court Judges Association, provided some training in the past but is all but inactive now due to lack of funding.

The Association has been working to enlist the help of past tribal judges to gather case law and materials to develop training. Money is needed to finish this task. Training needs to be provided in the areas of criminal and civil trial court procedures, individual child welfare and adoption cases, probate and tax law, Indian civil and constitutional rights, tribal sovereignty and immunity, and others.

The Indian Reorganization Act of 1934 and the Indian Civil Rights Act of 1968 have had substantial effects on tribal courts. However, funds were not appropriated for the courts to train people and deal with these changes. Good intentions do not provide quality services.

There are special groups of judges that desperately need training now. In the northwest, there are three tribes -- the Colville, Umatilla, and Burns-Paiute -- who have or may enter into Public Law 280 Retrocession Agreements. These agreements have returned jurisdiction from the states to the tribes. As a result, they will be taking on the responsibility of setting up new court systems. There have also been three newly restored tribes in the northwest -- the Cow Creek, Coos-Lower Umpqua, and Siletz -- who will be establishing court systems. Alaskan Native Corporations are beginning to extinguish their municipalities and replace them with tribal courts. Many of these tribes and corporations have requested information and training assistance from the Association.

Adequate training will mean that tribal court judges will provide individual communities a greater assurance that the increasing number of cases will be handled quickly, fairly, and with better quality decisions. This strengthening of the tribal court systems will lead to justified confidence in the tribal courts and stronger tribal governments -- it is self-determination at its very best.

Thank you for you time and consideration.

Northwest Tribal Court Judges Association
Continuing Education (CE) Project -
Based on Participation of 60 Judges

BUDGET

Tuition costs -		Includes: Instructors Facilities, CE Materials and Equipment
$500.00 per 3 day session x 60	=	$ 30,000
$100.00 per day per diem etc. x 60 = $6,000 x 3 days		18,000
$300.00 x 60 average travel costs per Judge per session	=	18,000
		$ 66,000 per session*
$66,000 x 10 sessions	= Total	$660,000
2 sessions x 60 Specialized Study National Judicial College, Reno, NV		
$60,000 tuition		
18,000 per diem, etc.		
$78,000 x 2	= Total	$156,000*
$66,000 x 10	=	$660,000
78,000 x 2	=	156,000
12	Total	$816,000
Tribes share approximately 2160 man days @ $75.00 per day	=	$161,000
Project Cost	Total	$977,000

STATEMENT OF DR. WILLIAM BERLIN, EXECUTIVE DIRECTOR, ALAMO NAVAJO SCHOOL BOARD, INC.

Mr. Chairman, the Alamo Navajo School Board, Incorporated, is most appreciative for this opportunity to present its needs and concerns for consideration by your Committee. Our organization, a non-profit institution chartered by the Navajo Nation and the State of New Mexico, provides educational and health services on the Alamo Navajo Reservation through contracts authorized under P.L. 93-638 with Indian Health Services and the Bureau of Indian Affairs.

My name is William Berlin, I am Executive Director for the organization and am authorized by letter from the board of trustees to present this statement on its behalf. I first want to thank you and the Sub-committee for providing us the funding for our school. We are happy to inform you that, under our P.L. 93-638 self-determination contract, bid opening for construction will be April 18th, and we anticipate actual construction to begin by June 1. When opened for the Academic Year 1986-87, over 400 students will be attending our new school, including those transfering from the Magdalena Peripheral Dormitory. Related to our new school opening is the need to repair and improve the roadway that leads north from the school site and Alamo Navajo Chapter House for 40 miles to a connecting point with the major highway in New Mexico, Interstate 40. The roadway BIA-Navajo Route 54 on the Interior Department road system, crosses U.S. Bureau of Land Management Acreage, private land holdings, and State of New Mexico trust land, connecting with Interstate 40 after traversing the final 10 miles of Laguna Pueblo land. We have been pleased to see that cooperation among Bureau of Indian Affairs, Navajo Nation Office of Chairman Peterson Zah, and State of New Mexico officials is providing initial seed money for paving the remaining three miles of roadway from our new school site to the boundary of the Alamo Navajo Reservation. We hope that the spirit of cooperation among federal, state, and tribal governments will continue to prevail as we seek funding through the U.S. Department of Transportation - Federal Highway Administration "Public Lands Highway Program". (PLHP) The Navajo Nation is currently looking into Federal Aid Secondary System (FASS) designation for our roadway, which is a requirement for this PLHP funding.

The Alamo Navajo School Board, Inc., herewith supports the Indian Health Service Fiscal Year 1986 request for an addition of $5.0 million for the Administrative Overhead Costs of P.L. 93-638 contracts. Additionally, Albuquerque IHS Area Office contractors have been notified of a total FY 1985 shortfall of $614,949 for these administrative costs, of which Alamo Navajo School Board, Inc., has an unmet need of $106,256. (Reference: Attachment A, a table listing the individual totals of unmet funding needs for each of the 16 contractors.)

From the time of our first contract for the operation of IHS programs to the present, we have experienced funding shortages for administrative overhead costs. We have been forced to restrict administrative personnel and activities severely and to reduce health services to the reservation population, a clear contradiction of the spirit and intent of P.L. 93-638.

IHS has correctly noted the importance of these overhead cost to success by Indian Contractors in administering programs under P.L. 93-638 by stating at IH-37 of the FY 1986 Appropriation Justification "...this increase is needed to fund the additional Tribal Administrative Cost associated with contracting programs under P.L. 93-638 for the implementation of self-determination...." Attachment A is a list of the shortfall in these costs for fiscal 1985 for each of the 16 contractors in the Albuquerque Area who, like ANSB, should not have to wait until fiscal 1986 to be paid these statutory costs authorized at Section 106 (h) of the Indian Self-Determination Act of 1975. (Reference is made Section 106 (h) of P.L. 93-638 where it states that, "... the amount of funds provided under...contracts...shall not be less than the Secretary would have otherwise provided for his direct operations of the program... for the period covered by the contract....") Since passage of P.L. 93-638 some 10 years ago, acknowledgement of the importance of these overhead costs incurred by Tribal Contractors, accompanied by adequate payment, has seldom been sufficent to provide a fair test of Congressional intent embodied in the Indian Self-Determination Act.

Indian Health Service and the Bureau of Indian Affairs have approached the issue of administrative overhead differently. Yet, neither has developed a workable procedure that provides adequate, timely funding for tribal contractors. Neither has made a comprehensive, detailed analysis of its own administrative costs from which to determine the "Secretarial level", thus providing a reasonable basis for allocating funds to contractors on an equitable basis.

IHS has incorporated these kinds of funds in its contracts, along with direct program funds for operation. The Bureau of Indian Affairs is now moving toward a similar procedure, having previously had a separate budget line item for contract support. The Bureau has steadfastly ignored the stipulation of 25 U.S.C. 2008 (a)(2)(D) to include administrative overhead costs for schools in the Indian School Equalization Formula (ISEF).

The procedures, as they are presently being implemented by these federal agencies, raise new and serious concern, specifically for our programs at Alamo. We are concerned (1) that the funds for administrative overhead given us will not be derived for the proper, inclusive direct program base, (2) that the procedures cannot accommodate direct program operational change or variation, inflationary pressures, significant increases in new contracting, and other factors, and (3) that these two federal agencies will continue to underestimate contracting needs and, therefore, to continue to create shortfalls in funding for administrative overhead costs, which contractors must try to overcome.

In addition to the shortage from IHS listed above, Alamo Navajo School Board, Inc., has a deficit from BIA contracts from FY '84 of $110,507 and a projected deficit for FY '85 of $36,751. These figures are based on an OIG audit just completed in February. These deficits seriously hamper administrative operations. In spite of very strenuous measures we are taking to counter the shortages, we anticipate serious cash flow problems that will jeopardize our ability to open school this coming August.

Realization of the goal of self-determination for Indian people has been significantly deterred by this administrative overhead cost issue - in my opinion, more than any other. Many tribes and Indian organizations, especially in the fields of health and education, having viewed the arduous efforts made necessary and the extreme difficulties faced by those contractors who have attempted to exercise self-determination, have decided not to contract for the operation of their local programs. One of the chief reasons consistently given for their decision is their reluctance to have to struggle for administrative sufficiency.

We respectfully urge the Subcommittee to review analytically the history of the administration of funds appropriated for the administrative overhead costs of contracting and to examine the procedures through which they are distributed to contractors. We are confident that your appropriations are made in the best interests of Indian people and believe that our future as contractors lies in a resolution of the issue that such a study by your Subcommittee will understand and will support.

In summary, the Alamo Navajo School Board, Inc.: (1) Requests an FY '85 IHS supplemental appropriation of $106,256, (2) Requests an FY '85 IHS supplemental appropriation of $614,949 for 16 contractors' administrative overhead costs in the Albuquerque Area Office, (3) Supports the IHS request for $5.0 million for Fiscal Year 1986 to be used for administrative overhead costs incurred by contractors, and (4) Recommends that a study of contractors' administrative overhead costs be made to provide the Subcommittee on Interior and Related Agencies with more complete information upon which to base appropriations decisions.

Thank you for your attention and for your consideration of these requests and recommendations. Your concern for the welfare of Indian people is deeply appreciated.

STATEMENT OF RONNIE LUPE, TRIBAL CHAIRMAN, WHITE MOUNTAIN APACHE TRIBE

Honorable James A. McClure, Chairman, and other distinguished members of the Senate Interior Appropriations Subcommittee, I thank you for the opportunity to bring the needs of my Tribe to your attention.

I understand the budgetary constraints that you are laboring under, but I ask you to view my Tribe's requests with compassion. Indian people are being asked to sacrifice too much. While it is well and good for the present Administration to espouse the values of Indian self-determination and self-sufficiency, we must be allowed the minimum tools with which to work.

Our problems and needs are many. I bring before you only the most pressing.

A. Canyon Day Irrigation Project - Miner Flat Dam $6,000,000.00
IRRIGATION AND POWER (BIA)

Water from the Salt River is the lifeblood of the White Mountain Apache Tribe, and the lands on my reservation from the standpoint of agricultural and economic development are "valueless without water." On the background of these undeniable facts regarding the imperative need for water for any economic development on my reservation are these additional facts: the Salt River and numerous tributaries of that stream arise upon my reservation. For one hundred and fifteen years, the Secretary of the Interior has systematically suppressed any use of the Salt River water on the Fort Apache Indian reservation by the White Mountain Apache Tribe.

My Tribe in 1980, on its own initative and at great expense to ourselves undertook the planning, design and construction of the White Mountain Apache Canyon Day Irrigation Project. At great cost and strenuous effort under my direction, we have now approximately 900 acres under irrigation. We have in place an ultra modern irrigation system. Our grave difficulty with the Canyon Day Project is the shortage of water to bring into production an additional 2115 acres of irrigable land which would provide a sound economic base which is essential for my people if we are to survive.

Provided below is a chronology of development of the Canyon Day Irrigation Project:

Year	Development Activities	Acreage	Cost	Source of Fund
1980	Diversion, pivots installed	360	$350,000	Tribe
	pipeline layed from pumps to pivots,		250,000	BIA
1981	Pumping Station and Main Pipeline expanded.	50	250,000	BIA
1982	Pipeline, pivot installation and	300	248,000	Tribe
	land preparation. Irrigation for disposel of wastewater.		250,000	EPA, IHS
1983 84	Settling ponds, land preparation, farm equipment, new irrigation farm building.	175	653,000	Tribe, BIA EDA
	TOTAL	885	$2,001,000	

Water from the White River, a major tributary of the Salt River, is the source of supply for the Canyon Day project and is inadequate to irrigate the additional 2115 acres without storage of the early spring and summer runoff. The White Mountain Apache Tribe was well aware of that fact when we prepared plans and designs to irrigate the full acreage in the Canyon Day Project to which I have referred.

Congress in 1982, when it became aware of my Tribe's need to store water, appropriated 1.5 million dollars as preliminary funding for the Miner Flat Dam on the North Fork of the White River. In 1983, Congress appropriated an additional 3 million dollars in futherance of the Miner Flat Dam, an essential component of our Canyon Day Irrigation Project. What follows is a shameful history of frustration and despair for me and my people in our drive for economic stability on our reservation. Repeatedly, the Bureau of Indian Affairs has denied essential expenditures of money out of the 4.5 million dollars appropriated by Congress for Miner Flat Dam. BIA's studied prevention of permitting the completion of Miner Flat Dam is the refusal of the BIA to permit concurrent studies that ultimately will be required. The Tribe is fully aware and is prepared to conduct all environmental investigations yet, the Bureau of Indian Affairs would not permit the simultaneous geologic and environmental studies that common sense would dictate.

Provided below is information regarding the amount of Congressional appropriations for Miner Flat Dam and how that money has been obligated or expended.

Congressional Appropriations	Monies Expended or Obligated	
FY 82 1.5 Million	A. BIA 638 Contract for Damsite Investigations including Geologic Studies and Extension Report update:	$ 400,000
FY 83 3.0 Million	B. BIA 638 Congract Proposal Pending for Desig Data, Environmental Assessments and Final Design:	0
	Total-----	$ 400,000

Appropriated Funds
Remaining: $4,100,000 (less unknown amount of money contracted by the BIA
(Approximately 3.9 M) with Harza Engineering to review the Tribes engineering investigations).

I am now before you to request an additional 6 million dollars for the construction of Miner Flat Dam. I am confident that the damsite investigations and dam design will be completed by next December 1985. If my Tribe is to proceed expeditiously with the construction of Miner Flat Dam, we must have the construction money available in April 1986, because of our weather patterns beginning in April; otherwise another full year will be lost.

Also, in requesting 6 million dollars to facilitate the completion of Miner Flat Dam I am prompted by the ever expanding economic distress of my reservation. I know for example that if we could complete Miner Flat Dam, we could increase the irrigated acreage on my reservation by 2115 acres. Short term benefits are immediate, there would be an annual income of $200,000 from hydro-power generated by the dam. There would be immediate income from recreation of $100,000 by the creation of a greatly needed recreation lake behind the damsite.

Long term benefits are even more spectacular. Our studies reveal that from irrigation alone there would be an annual profit of $100,000. Our livestock industry which has suffered greatly from historic bureaucratic mismanagement would be rehabilitated. Our studies disclose that in livestock sales alone the increased income would total $850,000 annually. Income in employment to tribal members on the reservation by reason of new jobs would equal $650,000 annually. Enhanced regional earnings would total $1,310,000 dollars annually.

We White Mountain Apaches are a proud people. It is no accident that our reservation encompasses the upper reaches of the Salt River. We were using Salt River water for irrigation before the first white man ever set foot on our homeland, our rights are from time immemorial. The Secretary of the Interior may attempt to prevent construction of Miner Flat Dam but he cannot suppress the will of the White Mountain Apache Tribe to achieve economic independence. It is my fondest hope that with Miner Flat Dam we can achieve economic independence that will match the independence of the spirit of my people.

B. Williams Creek-Alchesay Hatchery $446,600.00

The continued full fish production from the Williams Creek-Alchesay Hatchery system is vital to the outdoor recreation enterprise of my Tribe, eight other Southwest tribes and the tourism industry of the entire White Mountain region of Arizona. For three years this hatchery system has been annually confronted by threatened closures due to bureaucratic ineptitude within the agencies of the Department of the Interior. The FY86 budget for the BIA proposes to reduce funding to the hatcheries by approximately 60% while maintaining the same level of production, which is impossible. I am requesting that a line item appropriation in the amount of $446,000 be designated in the name of the Williams Creek-Alchesay Hatchery to ensure the continued operation of the hatcheries and the resource base of our growing recreational enterprise. Also, I am requesting $139,160 for the Pinetop Fisheries Assistance Office. This funding level will provide an additional fisheries biologist to meet the fishery management needs of my Tribe and other Southwest tribes.

C. Johnson O'Malley Funds: Restore $28,875,000
Education (BIA)

I implore you to restore funding at the FY85 level of $28,857,000 for the Johnson O'Malley Educational Assistance Program. The educational needs of reservation Indians is well documented. Johnson O'Malley funds have been instrumental in my Tribe's progress toward educational self-determination and it would be a severe set-back to see that program terminated.

D. Community Health Representative Program: Restore $25,480,000
CHR (IHS)

The Tribal Health Authority of the White Mountain Apache Tribe has developed excellent health delivery programs for our tribal members. Most notable of those programs are our Emergency Medical Services program, our Health Education program, and our Alcoholism program. CHR dollars comprise approximately 40% or $330,000 of our tribal health funding and are used to fund our Emergency Medical Technician positions, 10 Community Health Representatives who provide health promotion and specialty care services in our communities, and four management positions within the Tribal Health Authority including the Director, Budget Analyst and Secretary. Without these CHR funds in the amount of $330,000 for my Tribe, our Tribal Health Authority will collapse.

E. Indirect Costs Information IHS-BIA

When we, as a Tribe, began contracting BIA and IHS programs under P.L. 93-638, we received full or close to full funding of our approved indirect costs in addition to our direct costs. Now, as funds are being cut back, we are being told that if we want our full indirect costs, we must take them from the direct program funds. The dilemma of indirect cost funding within the BIA and IHS is creating an impediment to 638 contracting.

STATEMENT OF SUZAN SHOWN HARJO, EXECUTIVE DIRECTOR, NATIONAL CONGRESS OF AMERICAN INDIANS

Mr. Chairman and Members of the Subcommittee, I appreciate the opportunity to present testimony regarding the FY1986 budget proposals on behalf of the National Congress of American Indians (NCAI). The NCAI is the oldest and largest national Indian organization. I serve as its Executive Director.

Despite the pressing needs in Indian country for federal programs and services to increase the level of educational attainment, to enhance the health and housing conditions, to better the economic conditions, to lower the high unemployment rate, to protect and pursue our legal rights and to preserve and properly manage our natural resources and environment, the Administration has proposed to decrease funding and/or eliminate support in these areas, which would further degrade the quality of Indian life.

HEALTH

This statement will focus upon certain programs for the Department of the Interior. Later today, you will hear from the National Indian Health Board, whose testimony we strongly endorse. Our organizations have worked closely on Indian health issues, having presented joint testimony on the FY1986 budget proposals regarding the Indian Health Service before the Senate Select Committee on Indian Affairs.

EDUCATION - TRIBALLY-CONTROLLED COMMUNITY COLLEGES

We strongly endorse the position of the American Indian Higher Education Consortium regarding the budget for the tribally-controlled community colleges. We support the tribal colleges' request for $10.6 million in FY1986. This would provide a $3,000 FTE and bring the schools back near the per student funding level they had in 1981. The appropriations for the Tribally-Controlled Community Colleges have declined every year since 1981. The appropriations, even without accounting for the inflation factor, have declined 20%, while the number of students has increased 67%. They have gone from a per student funding level of $3,100 in FY1981, to $2,812 in FY1983, to $2,507 in FY1984. The projected FTE expenditure for the current year is $2,396. The Bureau's proposed FY1986 budget would continue this downward slide. We would point out that the Bureau has used low estimates for the past two years regarding the number of students at the colleges, and it appears they have done the same for this year. The Bureau has estimated a FY1985 Indian Student Count (ISC) of 3,278, while the colleges project an ISC of 3,540. The success of the tribal colleges is both short term and long term. The colleges are developing curricula and providing education and training that cannot be duplicated by non-Indian, non-reservation institutions. One very telling fact is that, at ages 16 to 17, Indian people are more than twice as likely to not be enrolled in school than is the comparable national population; but, at ages 24 to 35, Indian people are enrolled in colleges at the same percentage as the comparable national population. This has been a development of the past 10 years. The tribal colleges also are a development of the past 10 years. The fact that the Indian people are now attending college in numbers proportionate to the non-Indian population can be traced directly to the presence of these colleges and the quality education they provide.

EDUCATION - GRADUATE PROGRAMS

We also strongly support the two graduate student scholarship programs under BIA authority: the Graduate Student Grant Program and the Indian Law Program. These programs are proposed to be funded in FY1986 at the FY1985 appropriation levels of $958,000 for the Graduate Student Grant Program and $1,092,000 for the Indian Law Program. More graduate education is needed if American Indian and Alaska Native governments ever are to obtain the trained professionals needed to develop their local economies and obtain self-sufficiency. With the increase in the number of Indian students now obtaining undergraduate degrees, these graduate programs have all the more potential, but only if they are sufficiently funded. We believe that additional funding for graduate scholarships for Indian and Native students would be a good investment. We strongly support the past and continuing efforts of the American Indian Law Center and American Indian Scholarships in their management of these programs. We thank the Subcommittee for the steps it has taken in the past to assure that these organizations continue to administer these important programs.

EDUCATION - IMPLEMENTATION OF TITLE V, EDUCATION AMENDMENTS

We urge the Subcommittee to lift the moratorium on implementation of Title V of P.L. 98-511, which was imposed at the last minute in the FY1985 continuing appropriations bill. Title V is designed to facilitate certain educational objectives and enhance local control of education. We ask that the Subcommittee lift the moratorium in a supplemental appropriations bill for FY1985 or discontinue the moratorium in the FY1986 bill, making clear to the Bureau that the moratorium will not remain in place, so that its education offices may begin the planning necessary to implement the new education provisions in the 1985-1986 academic year. These provisions do not involve new money.

EDUCATION - SCHOOL CONSTRUCTION

We urge the Subcommittee to require that the schools on the Bureau's priority construction list receive money for planning and design. The Bureau has not asked for money for school construction, giving no justification for this proposal. In our view, it is consistent with the Administration's no-Indian-construction policy, which is evident in regard to hospitals, houses, sanitation and irrigation systems and schools. The schools which have had their planning and design stages completed should have construction money appropriated. These estimated construction costs are $15.5 million.

EDUCATION - JO'M

We urge the Subcommittee to fund the Johnson O'Malley (JO'M) program at a level of $29.9 million. This would provide for operation of the program in FY1986 at the same level of activity as in FY1985, with an additional $1.1 million for the 9,500 students in contract schools. Congress excluded contract schools from JO'M funding several years ago, which was a wrongful exclusion. Contract schools are formed precisely because the special needs of students are not met by other schools. The JO'M program is ideally suited to meet the goals of contract schools, in terms of its flexibility and local control. The JO'M program serves 180,000 Indian students who attend public schools. Ironically, the Bureau, via its attendance boundaries, is encouraging Indian students to attend public schools at the same time it proposes to end the JO'M program and reduce impact aid. The Administration's proposals on Indian education are curious, to say the least. Earlier in this Administration, Draconian cuts were proposed in the impact aid program. When that was not successful, similar proposals were made to eliminate Title IV, the Indian Education Act. Congress also rejected that proposal. Now we ask that you reject this latest effort to undermine the federal trust responsibilities in Indian education. The Administration, in its budget justification on JO'M, cites duplication of services by impact aid, Chapter 1, Title IV, JO'M and Head Start programs. In fact, these programs, as the Administration knows well, serve different purposes and, in some cases, different clientele. Even the GAO report, HRD-81 101, cited by the justification document, concluded that JO'M does not duplicate other programs. The report is entitled, Local Coordination Prevents Duplication Services at Federally Sponsored Indian Education Projects. Of the 30 JO'M program studied, 26 had no duplications. The other six carried out some functions that other programs did, but only because they were unable to serve all the students. The several auditors reports cited which listed "inappropriate" or "questionable" expenditures are merely one person's opinion on how JO'M monies should be spent. These auditors are not school board members, not Indian citizens, not educators. The whole point of the JO'M program is that the program is contracted by the tribes and locally controlled. This, supposedly, is what the Administration advocates in education.

The BIA's FY1985 budget justification praises the JO'M program, listing some of the good services it offers, including remedial tutoring, home school coordinators, teacher aides, early childhood programs, summer education and activity programs, educational field trips, gifted and talented programs, parental costs and school lunch costs. For FY1985, the Bureau said about JOM: "This program is successful not only in meeting the special needs of students but it also promotes cooperative relationships between Indian communities and school systems which serve to enhance parental involvement in the education of their children." In its FY1986 budget justification, the Bureau notes that "Bureau school staffs state that the most serious problem they face is the insufficiency of parental interest and involvement in the education of their children. Bureau staff are aggressively encouraging parents to become involved." Yet, the Bureau is simultaneously proposing to eliminate the very program which they say enhances parental involvement in education.

The JO'M program, because of its Indian control and strong parental involvement, is ideally situated to identify and close gaps in the school systems. In addition to supplementing education for Indian and Native students, the JO'M program provides needed summer recreation programs for youth, which is a valuable aid in the effort to prevent alcohol, drug and substance use. The proposal to eliminate this program should be rejected for the mean-spirited proposal it is.

HOUSING

Indian housing programs throughout the federal government - in the Bureau of Indian Affairs, Indian Health Service, Department of Housing and Urban Development and the Farmers Home Administration - are targeted for elimination in the Administration's FY1986 budget. The housing situation in much of Indian country is intolerable. There is a need for 58,000 new housing units. Another 35,000 houses are in need of repair. The Housing Assistance Council (HAC) reports that, while 25% of the nation's housing is in rural areas, rural areas account for more than 50% of housing without complete plumbing, 60% without adequate heat and 95% without acceptable water supplies or sewage disposal facilities. The HAC study documented that nearly one-third of the housing units on the Pine Ridge Reservation lack bathrooms, and that 54% of the housing there is substandard. This situation is not unique. To simply do away with Indian housing programs addresses the problem like an ostrich addresses the sand. The Administration has no proposal whatsoever for dealing with the housing and related health crises in Indian country, yet it proposes to do away with working solutions.

We ask that you reject the proposals to cut the construction portion of the Bureau's Housing Improvement Program by $6 million. We also ask you to reject the proposals to eliminate the HUD construction and FmHA housing programs. The Indian Health Service budget request of $20 million for sanitation facilities is inadequate, and $30 million would be a better-faith effort to begin to address sanitation needs.

WATER RIGHTS & RESOURCES

For the past several years, Congress has added funds to the Administration's requests for water policy implementation. Primarily at the urging of this Subcommittee, the Interior Department has been directed to spend appropriated monies for water studies and inventories, irrespective of the Indian government's litigation or negotiation posture. We urge the Subcommittee to spell this out, once again, in clear language, in light of the Bureau's budget justification language regarding the Secretary's priority on negotiated water settlements. We strongly support the House Interior Committee's recommendation that $2 million be added to the Bureau's budget for water rights implementation. Additionally, we request that the Subcommittee obtain a listing of all tribal requests to the BIA for water rights and resources studies and assistance, at the agency, area and central office levels. Should the dollar amount of those request exceed $2 million, we urge the Subcommittee to fund the Bureau's Indian water programs in an amount sufficient to meet the requested need. For one example of unrequested need, the Lower Brule Sioux Tribe needs an additional $410,000 to purchase a perpetual entitlement in the electric transmission system of West Central Electric Cooperation (WCEC) for the delivery and distribution of electric power to the Grassrope Irrigation Project (GRIP), Lower Brule Reservation, South Dakota. At the present time, the low-cost hydro-electric power that has been allocated to the GRIP cannot be delivered; consequently, power must be purchased from WCEC at a rate which will eventually bankrupt the GRIP.

Finally in this area, we urge the Subcommittee to direct the Department to present a priority funding proposal to adequately fund those settlements and projects already agreed upon and desired by the Indian parties and to vigorously protect and defend Indian water rights in litigation.

INDIAN FINANCING ACT

The Administration contemplates a steady reduction in the loan guarantee funds between FY1986 and FY1988, when the target will drop to $5 million for each fiscal year through FY1990. There is a $20 million request for FY1986, whereas there has been no limit set on the Indian Loan Guaranty and Insurance Fund in the past. There is no request for appropriations for the Revolving Loan Fund for FY1986, despite an excellent justification for an increase, including a greater loan demand; inability to qualify for private lending market loans because of trust land inalienability; diminishment of loans from such other federal sources as the Farmers Home Administration and the Production Credit Association; and the proposal for individual Indians, as well as Indian governments, to become eligible for direct loans. We urge the Subcommittee to adequately fund the loan programs and to discourage the Administration's plan to greatly reduce and curtail funding in out-years. With the Administration's stated emphasis on Indian economic development, and with the growing crisis in Indian ranching and farming, we are at a loss to explain the proposal in this vital area of economic development.

ENVIRONMENTAL QUALITY

We strongly urge the Subcommittee to increase the Bureau's environmental quality budget proposal by $300,000, directing that it present a plan forthwith to identify and clean up hazardous waste sites on Indian trust lands, including a realistic budget for this purpose. Even though the Bureau has identified more than 20 significant hazardous waste sites, it has addressed only one such site. And, while there is a clear need for a budget increase in this area, the Administration has proposed to reduce the FY1985 appropriation by $100,000. The $300,000 could be allocated to meet the most serious needs which are known at this time: $10,000 - Truxton Canyon, Arizona - transformers containing PCBS; $20,000 - Billings Area - pesticides stored from previous usage which must be disposed; $200,000 - Hoopa - Copper Bluff Mine, associated with Celtor Company site - water containing metals discharges into the Klamath River; $70,000 - testing of suspected sites, archaeological surveys and travel.

The Environmental Quality Office also has responsibility regarding the certification of tribes as "affected" or "potentially affected" under the Nuclear Waste Policy Act, yet no monies have been requested for this purpose. This is an area where Indian governments cannot qualify for Department of Energy assistance under the Act without an Interior Department certification, and several tribes have been denied "affected" or "potentially affected" status, without being accorded technical assistance, and without the office being appropriately staffed to consider such requests. We urge the Subcommittee to earmark $100,000 for this purpose in this office.

RIGHTS PROTECTION

We urge the Subcommittee to increase the rights protection budget by $2 million above our requested addition for Indian water rights and resources protection. The Rights protection budget is proposed for more than $1.5 million reduction ($1,147,000 overall reduction from FY1985 funds, with some $500,000 of contract support funds reflected in the $18.2 million request). Targeted for reductions are the key areas of unresolved Indian rights issues and statute of limitations project funding; litigation support; attorney fees; and hunting and fishing rights funding. With all the significant activity in these areas, it is inexplicable that the Administration would diminish funding in these areas if it intends to pursue its trust responsibilities and legal representation in the myriad matters that await preparation funding for defense of Indian rights. It is obvious that the Administration's $18.2 million request for Indian Rights Protection is inadequate to meet the needs of tribes. For instance, the Bureau has provided litigation support for 15 cases in FY1983 and 12 cases in FY1985. Attorney fees in FY1982 were provided for 10 cases and hunting and fishing rights support for 16 tribes. In FY1983 13 tribes were provided support funds for hunting and fishing rights protection and 18-20 tribes were provided attorney fees for cases which were pursued independently.

These are but a handful of what is the demand for litigation support and attorney fees. We request that the Committee ask the Bureau of Indian Affairs to give a listing of tribal requests for litigation support and attorney fees.

We also urge the Subcommittee to earmark $75,000 of our requested increase for attorney fees for those Indian governments that need representation in determining their rights as "affected" on "potentially affected" tribes under the Nuclear Waste Policy Act. These determinations now rest with the Solicitor's Office, where no earmarked funds have been requested, and tribes with limited resources effectively have no advocate in the Bureau or privately.

On the matter of appropriations for Unresolved Indian Rights Issues/Statute of Limitations, we ask that the Committee push the Department of Interior to move more quickly on Statute of Limitations issues. Since the Statute of Limitations was extended in 1982 and claims listed in the Federal Register, there has been virtually no movement on the part of the Department of Interior to resolve the issues. No legislative solutions have been proposed by the Administration. In addition, the Bureau has not requested any money for the Old Age Assistance Act — the compensation payments under this law should be computed and payments made as soon as possible.

FISH, WILDLIFE & RECREATION

We urge the Subcommittee to assure that $77,000 is earmarked for the Columbia River Inter-Tribal Fish Commission, that $50,000 is earmarked for the Northwest Indian Fisheries Commission and that $50,000 is earmarked for the Albuquerque Area Office, all for work previously performed by the Fish & Wildlife Service. Considering the cost increases that will be proposed by the Fish & Wildlife Service for the 1986 Memorandum of Agreement, it will be necessary to fund an additional $300,000 to keep the affected offices and hatcheries from closing. Additionally, we urge the Subcommittee to fund three priority projects identified by affected tribes and the Bureau: $200,000 to establish a hatchery maintenance and rehabilitation fund in the Wildlife and Parks budget, as start-up funds for the prevention of adverse affects; $145,000 for fish and wildlife studies related to the relicensing of Kerr Dam on the Flathead Reservation; and $75,000 for the operation of the Eastern Cherokee trout hatchery.

FORESTRY

We urge the Subcommittee to fund the forestry projects which have been identified by the affected tribes and the Bureau as priorities: Siletz Agency Boundary Survey - $90,000 needed to identify newly acquired lands pursuant to Congressional action; Penobscot Forest Road Maintenance - $20,000 needed to assure access to newly acquired lands, pursuant to Congressional action; Stockbridge-Munsee Timber Stand Improvement - $15,000 needed to establish source of hardy local stock; Red Lake Sawmill Management & Operation - $50,000 needed to implement court-directed study; Grand Portage and Nett Lake - $20,000 needed for each for reforestation/site preparation; Passamaquoddy and Penobscot - $60,000 needed for type mapping for forest inventory joint project; Southern Ute - $15,000 needed for Tree Seedling Greenhouse to establish source of hardy local stock; Eastern Cherokee - $25,000 needed to supplement ongoing Management Plan project; and Navajo - $25,000 each needed for 1) study to follow up on USFS study for quality control and firewood utilization, and 2) erosion control to combat severe gully erosion in areas logged prior to modern control requirements. The total of these requests is $465,000.

CONTRACT SUPPORT

We are most disturbed about the status of contract support in the BIA budget. At Congressional direction, the BIA has folded indirect costs into individual programs in the FY1986 budget, which was a giant step in the wrong direction. We urge the Subcommittee to allow the BIA to revert to the system of having an identifiable contract support fund. Ironically, the Indian Health Service, which used to have contract costs included in program costs, has requested in its FY1986 budget $5 million for a separate contract support fund for new contracts. We commend IHS for recognizing the need for an identifiable contract support fund. (The monies should not have been taken out of hospitals and clinics operations, which is a separate point that NIHB will address later today. As even IHS concedes, $5 million is inadequate amount of money; $12 million is a more realistic figure.)

The time is long past due for the federal government to enact policies which do not inhibit contracting and self-determination initiatives. The 638 contracting process and the constraints put on Indian governments by the lack of adequate indirect costs funds are the source of massive frustration. The current situation lilterally discourages tribes from contracting - if they contract they have to reduce services in order to cover indirect costs.

We also encourage the Committee to request that the IHS and BIA clarify whether the money for indirect costs for new contracts can be used for expansion of existing contracts. This matter is unclear in the agencies' budget submissions.

INDIAN PREFERENCE

We urge the Subcommittee to earmark funds to assure that the Indian preference Law has meaning in the Bureau. If Indian preference is to work, the Bureau must have a system for recruitment, training and promotion, and the personnel system must be managed in a coherent fashion so that it presents a viable opportunity for Indian and Native people. We recommend that the Subcommittee direct that such a system be established in the Bureau, to be run by senior managers in the central office, and that $250,000 be designated for this purpose. We must emphasize that such funds should be meaningfully applied, especially for technical and professional training, and not for political purposes. Unless some teeth are put into the Indian preference law, it is destined to fail to accomplish its intended purpose of attracting and promoting trained Indian people into the Indian service.

I thank the Subcommittee for its serious consideration of our requests, which have been generated by myriad resolutions and policy statements of the NCAI, as well as requests of member Indian governments and organizations and others that are not official members of the NCAI.

STATEMENT OF RODNEY BORDEAUX, CHAIRMAN, BOARD OF DIRECTORS AND LIONEL R. BORDEAUX, PRESIDENT, SINTE GLESKA COLLEGE

1. INTRODUCTION

Sinte Gleska College is a Tribally-controlled higher education institution located on the Rosebud Sioux Indian Reservation in south central South Dakota. Chartered by the Rosebud Sioux Tribe in 1971, Sinte Gleska College provides post-secondary educational opportunities and services for reservation residents and residents of adjacent areas and over the past fourteen years has matriculated some 4,300 students. The College is named after Sinte Gleska (Chief Spotted Tail), who was a strong advocate for the education of his people, the Sicangu or Burnt Thigh band of the western Teton Sioux.

Since the offering of its first classes in February 1971, Sinte Gleska College has made significant strides toward the development and establishment of a viable and credible reservation-based, Tribally-controlled education model. Among many noteworthy achievements, the most significant accomplishment to date entails the institution's accreditation efforts. On February 1, 1983, Sinte Gleska College was approved and granted initial accreditation by the North Central Association of Colleges and Schools at the associate and baccalaureate degree granting levels. With this formal action, Sinte Gleska College became the first reservation-based, Tribally-controlled college in the country to be accredited at the bachelor or four year degree level and the second institution at the associate or two year degree level. The formal granting of accreditation by the North Central Association of Colleges and Schools provides substantial evidence that available resources have been successfully applied and utilized toward the objective of designing and delivering community-based education in a manner unprecedented in Tribal and American education.

More recently, Sinte Gleska College has initiated the necessary steps to gain certification of its teacher education program through the state of South Dakota. In seeking this important action, which is expected to be approved in June 1985, Sinte Gleska College will advance from a status of provisional to full certification and therein supply a long overdue recognition and sanction to our Education Department and our Elementary Education graduates who have completed their baccalaureate degree program requirements. As in the case of the aforementioned North Central Association accreditation, here too Sinte Gleska College shall become the first reservation-based Tribally-controlled college in the country to attain certification of its teacher education program.

In pursuit of such institutional accreditation and specific program certification, Sinte Gleska College has made other measurable achievements during its history. A total of 129 students have graduated since the awarding of the first two associate degrees in 1973. Sinte Gleska College has now granted 104 associate degrees and 25 baccalaureate degrees. In addition, seven secretarial certificates have been awareded to students completing the one year training program. The Adult Basic Education program has produced nearly 1,000 G.E.D. (high school equivalent diplomas) graduates. This statistic far exceeds the 100 graduates produced by the BIA during the ten years when it administered the program prior to Tribal contracting through Sinte Gleska College in 1972.

Of the associate degree graduates, 9 have subsequently earned a bachelors degree and 8 are presently employed at Sinte Gleska College. Of the baccalaureate degree graduates, all seventeen Elementary Education graduates are either teaching in local elementary schools, teaching in reservation-based or BIA elementary schools in states such as Kansas, Wyoming and Arizona or are engaged in graduate studies.

Furthermore, four Sinte Gleska College graduates, two of whom began by earning the associate degree, have now completed their respective graduate degrees in the fields of Special Education, Educational Administration and Law. Of these individuals, Mr. Sherman Marshall, who was the first baccalaureate recipient at Sinte Gleska College in 1980, graduated from the Unviersity of South Dakota School of Law in 1984 and became a member of the South Dakota State Bar in February of 1985. Mr. Marshall is currently serving as the Vice President for Academic Affairs at Sinte Gleska College. Of the other individuals, Ms. Eileen LaPointe, who has received her Masters degree in Special Education through the University of South Dakota, is in the process of securing certification as a secondary teacher and Ms. Phyllis Colombe and Ms. Mayda Bartlett, both of whom received their Masters degrees in Educational Administration from Penn State University, have returned to the Rosebud Reservation as elementary teachers in the local school systems. In addition, three Sinte Gleska College graduates are enrolled in graduate studies during the 1984-85 academic year, all at the Masters program level.

While Sinte Gleska College can boast of the remarkable success of its academic and G.E.D. programs, much work remains to ensure the continuation and flow of institutional management and delivery systems. Sinte Gleska College recognizes that it must continue the internal assessment of institutional operations. Central to this assessment is the identification and application of physical, human and, in particular, fiscal resources and how these resources relate to future institutional need in the upcoming year and beyond.

11. STATEMENT OF NEED

Like many other higher education institutions, Sinte Gleska College has assumed an increasingly conservative posture with respect to the development of annual operational budgets. Traditional funding sources, nearly all derived from a federal base, have been substantially reduced, eliminated or maintained at inpproportionate levels vis a vis institutional need.

Given fiscal limitations, the Sinte Gleska College Board of Directors have enacted serious measures to accommodate budget constraints. Approximately thirty personnel positions have been retrenched since FY'81. Starting in the 1982-83 academic year, the majority of employment contract were reduced from 12 to 10 months. Fringe benefits have remained at 12%, compared with considerably higher percentages at other universities and colleges. Staff travel has been restricted to on-reservation instructiona activities only. And since FY'81, there have been virtually no budget provisions for the replacement of equipment, renovation of existing facilities or the expansion of current library holdings. In FY'84, as in previous years, summer school activities were scheduled at a minimum primarily so as to allow potential graduates to complete degree requirements. The ability to continue future summer school sessions is highly speculative.

The FY'85 Sinte Gleska College budget has maintained the moderate operational approach and status of the institution and, in essence, reflects only the College's realistic needs. The budget included no salary or cost of living increases, no additional personnel, no adjustments in terms of current travel, equipment and supplies and continued the ten month contracts for faculty and staff. Funds are provided through the Department of Interior and the Department of Education to comprise nearly the entire fiscal base for Sinte Gleska College.

Through the utilization and administration of two Tribal contracts by authority of P.L. 93-638, Sinte Gleska College receives BIA support funds for higher education operations, adult basic education and student financial aid scholarships. For next year, categorical grants from the Department of Education are anticipated to continue the Title VII Bilingual Education Program through 1985-86 and the Title III Institutional Aid Program and the Title IVB Special Services for Disadvantaged Students Program through 1986-87. Neither the Title III nor the Title VII Programs are predicted to be renewed thus creating a loss of about $450,000 to $500,000 within two years. Separate grant allocations should continue to be provided for student financial assistance in terms of the Pell Grant, Supplemental Educational Opportunity Grant and College Work Study Programs.

In terms of institutional tuition revenue, the current rate is established at $30.00 per credit hour and total collectible tuition revenue composes around 10% of institutional fiscal resources. The Sinte Gleska College Board of Directors took action prior to FY'83 to impose the College's first tuition hike from $16.50 to $30.00 per credit hour. The undergraduate tuition rate at State universities and colleges in South Dakota presently ranges between $30 to $35 per credit hour for resident students and $60 to $70 for non-resident students.

Funding provided by the Bureau of Indian Affairs via P.L. 98-192, the Tribally-Controlled Community College Assistance Act of 1978, as amended, represents the largest source of revenue, 40%, for the College. The current budget has been developed using a pro rate figure of $2,400 per Indian F.T.E., a decrease of $412 from the 1983 fiscal year. With the increased enrollments at the tribal colleges every year the amount available per F.T.E. has been proportionately reduced on an annual basis.

Because Sinte Gleska College is operating with a minimal budget and because P.L. 98-192 funding is used mainly for instruction costs and operational expenses, any further reductions to this source of funds would be disastrous to the College.

111. P.L. 98-192 APPROPRIATIONS

P.L. 98-192, an act to amend and extend the Tribally-Controlled Community College Assistance Act of 1978 (P.L. 95-471), contains some features which, if properly implemented, will be beneficial to the funding and development of tribal colleges. The concept of forward funding, facilities construction and the establishment of endowments are vitally important to the future of Sinte Gleska College. Also important are appropriations that coincide with authorization levels and that recognize increasing institutional costs.

Forward funding, common for most educational institutions receiving public dollars, will establish appropriation levels for a two year period rather than the current one year method and will enable Sinte Gleska College to better plan the offering of its overall educational program. The major advantage to Sinte Gleska College will be a knowledge of P.L. 98-192 fund availability and an enhanced management capability to define the need for additional institutional resources.

A major concern of Sinte Gleska College focuses on the level of appropriations authorized for eligible Tribally-controlled colleges. The problem since the enactment of the law has been that funding has never been appropriated at the authorized level $4,000 per F.T.I.E as legislatively authorized in P.L. 95-471. The pro rata amount has fluctuated between $2,400 and $3,100 but even this determination is not finalized and announced until after the Congressional appropriations process. To date, the pro rata amount has been dictated more by Congressional appropriations than by actual student enrollments within a given fiscal year. As a consequence, the level of funding allocations to institutions have been determined by total appropriations instead of remaining sensitive to actual F.T.I.E. numbers.

The solution to this problem and our recommendation is to establish P.L. 98-192 appropriations in accordance with those legislatively authorized pro rata amounts. This solution would furnish the necessary operational funding and be sensitive to student enrollments.

IV. TITLE III

Beginning in 1982-83, Sinte Gleska College opted to seek a five year grant through the Title III Institutional Aid Program and was ultimately determined eligible for the Special Needs Program. Due to expire after 1986-87, the Title III Institutional Aid Program has furnishe certain benefits within key institutional areas however there are nonetheless a number of critical disadvantages which confront Sinte Gleska College and all Indian colleges as Title III participants and potential participants.

Of foremost concern is the lack of time to develop and implement activity plans to an optimal degree in regard to annual endeavors and over the five year grant period. Stated differently, as a young and growing institution, Sinte Gleska College does not possess the fiscal resources and/or comprehensive management systems as other Title III colleges and universities, many of whom are greater than 100 years old. In light of these circumstances, activities, upon review by the Department of Education, have often been terminated before Sinte Gleska College is able to fully accomplish its stated objectives. And though the Title III Program is supposedly designated for developing institutions, Sinte Gleska College, a truly developing institution, is regularly penal~~ised~~ for not corresponding with the precise "developing" definitions and criteria set forth by the Department of Education. This same condition unfortunately also applies to the five year grant period wherein program eligibility will be terminated just as developmental activities begin to generate positive results.

Similarly, the relative size of Sinte Gleska College and other economic factors on the Rosebud Reservation has adversely affected institutional eligibility for the Title III Endowment Program. In this instance, Sinte Gleska College is unable to qualify for participation because of the small dollar amount of Pell Grant awards, both cumulatively and on a per student basis. Why? A low tuition rate, in conjunction with the absence of student dormitories, yields a low cost of education which translates into a small Pell Grant award. Hence, in assisting local students via an affordable tuition rate and reasonable cost of attendance, Sinte Gleska College is denied the opportunity to participate in a program intended to provide maximum benefits for developing institutions and which would indeed enable and facilitate institutional self-sufficiency.

In brief, Sinte Gleska College wishes to offer the following recommendations on behalf of all Tribal colleges as rationale for Title III reauthorization and any future program direction:

1. to allow institutions which are eligible for P.L. 98-192 to also be eligible for Title III. This provision doesn't guarantee funding but at least gives an opportunity to apply;
2. to consider a set-aside for Tribal colleges, all of whom are truly developing and truly minority. This provision would assist institutions which have historically received less Title III funding and which have increasing student enrollments;
3. to allow "graduated" institutions to renew and continue their progress toward self-sufficiency. This provision may be directed so as to continue specific activity areas, including the Title III Endowment Program.

V. STUDENT FINANCIAL ASSISTANCE

Any discussion centering around reductions in financial aid naturally illicits a strong response from our post-secondary students on the Rosebud Reservation but Sinte Gleska College is especially disturbed by the prospects of the proposed FY'86 cut-backs and their implications and impact on the neediest of students. In serving one of the ten poorest counties in the United States where the reservation-wide unemployment rate is about 80%, the possibility of financial aid reductions is unthinkable and unacceptable for Sinte Gleska College and its students.

In 1983-84 at Sinte Gleska College, the average Pell Grant award was $779 per student, the average Supplemental Educational Opportunity Grant was $368 per student, the average College Work Study award was $552 per student, the average Guaranteed Student Loan amount was $1,735 per student and the average BIA Higher Education Scholarship award was $1,038 per student. Based on these same year figures, 53% of the total Sinte Gleska College student population received Pell Grant funds, .03% received S.E.O.G. funds, .08% received College Work Study funds, 40% received Guaranteed Student Loan funds and 41% of the total Indian student population received BIA Higher Education Scholarship funds. Overall, 82% of the dependent Sinte Gleska College students who applied for federal financial aid in 1983-84 reported annual family incomes of less than $15,000 while 89% of the independent students reported annual family incomes of less than $10,000. Of course each student receives a final financial aid package calculated upon individual need, however these examples clearly illustrate the lack of personal income and the scarcity of financial assistance funds amongst Sinte Gleska College students.

Yet, perhaps more important is to view this matter in terms of how financial aid allows students to attend Sinte Gleska College and what the subsequent educational experience means to individuals on the Rosebud Reservation. Now in its fourteenth year, Sinte Gleska College still symbolizes a purposeful response to the unique needs of Indian students in their post-secondary pursuits and aspirations. Too often these needs were either misunderstood or neglected which in turn produced feelings of failure and alienation and general disillusionment with the entire higher education system. Conversely, as a reservation-based institution, Sinte Gleska College has sought to define and deliver an educational design that is sensitive to our students and which emphasizes personal growth through scholastic attainment. The end result has been a model which has provided an educational opportunity to some 3,500 Indian students, (and nearly 800 non-Indian students) since 1971; approximately 30% of the Indian population on the Rosebud Reservation.

Similarly,, Sinte Gleska College constitutes a logical approach to post-secondary education whereby students, most of whom are married adults or parents with family obligations, are able to remain in their home communities and realize their respective goals at an accredited institution offering both associate and baccalaureate degrees. Rather than matriculate at distant institutions, with a greater cost of education, a larger number of students, Indian and non-Indian alike, are choosing to initiate and complete their studies at an affordable, and at the same time, credible institution such as Sinte Gleska College. Evidence of the preceding statement can be found in the fact that during the 1985 Spring Semester Sinte Gleska College witnessed its largest ever enrollment, 536 students, up from the previous high of 470 and marking the third consecutive year of increased student enrollment.

Lastly, Sinte Gleska College represents a sense of optimism and positive direction for the future. Individuals, communities and other local agencies regularly look to Sinte Gleska College as the vehicle for improvement and progress and to ultimately make a substantive difference in the lives of the Lakota People. To be sure, this challenge is no easy task, especially in the tough economic context of the Rosebud Reservation, however, Sinte Gleska College has earned the respect of many supporters at the local, state and national levels and is confident it can act as a catalyst for change...if only our students are given the chance to succeed and we are given the chance to expand and reach our potential as a post-secondary institution.

VI. BIA HIGHER EDUCATION SCHOLARSHIPS

For the past seven years Sinte Gleska College has successfully administered, via a P.L. 93-638 contract, the BIA Higher Education Scholarship Program on behalf of our students in order to establish a direct and responsive service for those tribal members who choose to pursue their post-secondary education while remaining in their home communities on the Rosebud Reservation. Through this arrangement, Sinte Gleska College has historically received 25% (28% in FY'85) of the Rosebud Agency Higher Education Scholarship Program allocation and each year since 1977 has managed to fund as many students as possible and thus help defray at least a certain portion of their various educational expenses.

As estimated by the Sinte Gleska College Financial Aid Office, the average BIA Grant award over the seven year period has ranged between $1,000-$1,200 per student which typically serves to defray 60% of the financial need (after Pell Grant and student contribution) for each Rosebud Agency student. This 60% funding method allows Sinte Gleska College to fund a larger number of students but also translates in a larger individual financial hardship as each student receives less funds. The unfortunate result is a greater individual and cumulative financial need for Rosebud Agency students and frequently a situation where the tribal member does not receive any financial assistance monies.

At present, all eligible students, whether attending Sinte Gleska College or an off-reservation institution, must compete for the same scholarship funds from the same Agency allocation. One idea that Sinte Gleska College would like to propose involves the separate allocation of BIA Higher Education Scholarship funds for Tribal members specifically attending Tribal colleges. This proposal would call for budgeting such funds for Tribal college students distinctly separate from the general Agency allocation. This proposal would also eliminate the direct competition for available funds between Tribal college students, students attending off-reservation institutions and other Tribal/BIA program areas, all of which derive monies from the same funding pool.

VII. SUMMARY

In sum, Sinte Gleska College would request Congressional consideratio and support of the following recommendations relative to our institutional needs:

1. Restoration of Tribal Higher Education (P.L. 93-638) contract funds (i.e. Snyder Act allocations to tribally-controlled colleges to the original level of $358,300 via appropriation supplement or "add-on" to the Agency budget;
2. Appropriation of P.L. 98-192 funds at the legislatively mandated levels for FY'86 and beyond;
3. Provide Title III set-aside for Tribal colleges and to allow "graduated" institutions to continue their progress toward self-sufficiency;
4. Opposition to proposed FY'86 reductions in student financial aid funds, especially as these cut-backs affect the neediest o students;
5. Establishment of a separate BIA Higher Education Scholarship allocation for Tribal members attending reservation-based Tribal colleges.

Your attention and consideration of these issues is urgently requeste

STATEMENT OF JOHNNYE CHOPPER, PRESIDENT; JOHN STEELE, VICE PRESIDENT; AND NATHAN YOUNG, III, TREASURER, NATIONAL INDIAN HOUSING IMPROVEMENT ASSOCIATION

The National Indian Housing Improvement Association (NIHIA) is a national Indian organization dedicated to ameliorating housing conditions for Indian and Alaskan native people. NIHIA has a particularly acute interest in the Bureau of Indian Affairs (BIA) Housing Improvement Program (HIP) because of HIP's uniquely appropriate approach to housing assistance for America's neediest native people.

We appreciate the opportunity to submit written testimony on the BIA HIP Program and the proposed 1986 budget. We are well aware that the actions of Congress have saved this program in the past when it might otherwise have been zeroed out and we are appealing once again for the type of legislative perception which recognizes the necessity of preserving all facets of HIP and provides the necessary Congressional mandate to assure continuation of this program which is so vital to Indian people.

As the Committee is aware, the HIP Program responds to the housing needs of those Indian families with exceptionally low incomes, providing grants for repairs, rehabilitation, down payments and some new housing construction. Housing needs of very low income Indians can be met only through a grant approach such as HIP because even very modest payments required under the Public Housing Program are unmanageable.

We wish to emphasize that this sector of American life has the most deplorable housing conditions to be found in this country. Moreover, because of the trust status of their land, Indian people cannot leave their native territories in order to seek housing and employment elsewhere without abandoning ancestral homes. Additionally, because of the trust relationship with the Government, federal involvement is a necessity for Indian and Alaskan people who require assistance with their housing problems.

For these and other complex reasons, the BIA Housing Improvement Program is the solitary source of housing for the poorest and most unfortunate Indian families. Such people are served only through this program because there is no other solution, federal or non federal, to their shelter situation. These families are truly those for whom the federal safety net protection is intended.

The present HIP is divided into repair and new housing efforts. Repair categories provide for repairs, renovations or additions to existing structurally sound homes. The new house building categories provide grants toward the purchase of new homes as well as the construction of some new housing for certain segments of the Indian population who cannot be served by any other program because of income, living conditions and family situation. The HIP Program is particularly appropriate for Indian people because housing assistance can reach intended recipients with a minimum of administrative expense and maximum benefit for the investment.

It was therefore appalling for members of the National Indian Housing Improvement Association to learn that the proposed cut in the HIP Program would eliminate the modest shelter provided through new construction categories of the HIP Program, leaving funds only to repair existing dwellings. This arbitrary national decision would distort distribution of HIP funds in a manner which is unfair. Some humble dwellings have been repaired carefully to the point where there is nothing left to repair. There are numerous instances where HIP applicants are living in such ramshackle, deplorable shacks that the only reasonable solution is to provide shelter through the construction category of the HIP Program. To eliminate HIP new construction impacts on the most needy Indian families...those who do not have even a reparable dwelling. That this small, but cost effective program should be caught in the federal moratorium on new Public Housing construction is either due to an oversight or a failure to recognize that Indian HIP recipients are indeed entitled to the maximum protection available from the administration's safety net. Moreover, to permit this injustice to go uncorrected could be construed as mean-spirited, regardless of any good intentions which motivated the decision.

Through the HIP Program the Government has provided Indian recipients with a type of housing assistance which makes sense. There is a minimum cost for the type of assistance obtained which fits the Indian situation and recognizes trust land status. Other federal programs are inappropriate for very poor Indian families. A voucher program is not practical because of the lack of available housing inventory on reservation lands. Furthermore, although HIP is a grant program, it is far less cost to the taxpayer to provide an average one-time $35,000 cost for a HIP unit than the total runout expense of HUD-assisted housing which totals five to six times this figure, or the block grant approach which has been resisted by Indian people because of extremely high administration costs involved and the national competition for limited funds.

Health conditions have greatly improved in Indian areas where water and sanitation facilities were provided by the Indian Health Service to accompany housing construction. We feel that it is more prudent and cost effective to provide needed housing assistance now, rather than invite higher expense later in terms of increased health and related care precipitated by unsanitary living conditions.

The overwhelming need for HIP housing is a matter of record. BIA HIP Consolidated inventory figures for the end of FY 1984 reflect 35,235 Indian families needing housing and 23,596 housing units needing replacement. The attached newspaper article from the Rapid City Journal references a recent Housing Assistance Council study which emphasizes the need on the Pine Ridge Reservation, where over half the housing is overcrowded and lacks adequate plumbing.

In view of the continued commitment of this administration to provide decent shelter for Indian people, an effort has been made to make the HIP Program even more fair and more equitable. It is the intense feeling of Indian people, the sense of the Congress, as well as the BIA policy, not to alienate trust land. In 1984 a congressional mandate was issued to develop a more efficient formula based upon an inventory of need which reduces BIA administrative personnel still further. This revised criteria will be implemented during FY 1986.

In conclusion, Mr. Chairman and members of the Committee, we believe that the decision to include HIP new construction in the overall moratorium overlooks the fact that this particular program is extremely efficient and operates at a minimum cost to the Government. We therefore present this testimony to the Committee with the expectancy that corrective action will result. We urge you, Mr. Chairman, and each member of your Committee to fund the HIP Program at the 34.3 million dollar level and to eliminate the proposed restriction of this program to repairs only, reinstating the critically important construction categories and correcting the program distortion which would result from a moratorium.

Thank you for the opportunity to present this testimony. We would be pleased to provide further information and documentation for the Committee, if desired.

STATEMENT OF HON. JUDGE ELBRIDGE COOCHISE, ADMINISTRATOR AND CHIEF JUDGE, NORTHWEST INTERTRIBAL COURT SYSTEM

My name is Elbridge Coochise, Administrator and Chief Judge of the Northwest Intertribal Court System in Edmonds, Washington. I wish to express our appreciation to this Sub-Committee for the opportunity to present testimony on proposed appropriations. We are requesting THREE HUNDRED FIFTY THOUSAND DOLLARS ($350,000) earmarked for the Northwest Intertribal Court System in western Washington on the Bureau of Indian Affairs funding for FY-86.

The Northwest Intertribal Court System is a non-profit corporation founded in 1979. It is a consortium of 13 small western Washington Indian tribes which do not have sufficient funds and caseloads to warrant their own individual full-time judges, prosecutors, and other judicial personnel. Therefore, the system provides judicial personnel to these member tribes on both a trial and appellate level.

This system is governed by representatives from its 13 member tribes. Tribal enrollment of these tribes ranges from about 60 members in the smallest tribe to over 2,000 members in the two largest tribes, with the average tribal enrollment being about 800 members.

The system was initially organized in response to the 1979 court decision of U.S. v. Washington, also known as the BOLDT decision, in which the United States Supreme Court affirmed and upheld Indian treaty fishing rights, including the right of Indian tribes to regulate their own members in treaty fishing activities both on and off the Indian reservations. This Supreme Court decision required Tribes to provide adequate enforcement in order to self-regulate fishing. This includes the need for strong tribal courts capable of exercising tribal sovereign powers in western Washington.

Since that Supreme Court decision, these tribal courts have exercised jurisdiction far beyond regulating and enforcing fishing activity. In 1978, the Congress enacted the Indian Child Welfare Act which, among other things, confirmed tribal jurisdiction in Indian child custody proceedings and required the transfer of jurisdiction of such proceedings from state courts to the tribal courts. Further, recent federal policy encouraging and promoting tribal self-government and economic development in Indian communities has led tribal governments to develop, implement, and enforce ordinances and regulations concerning general law and order, traffic control, business regulations, housing, zoning, and environmental controls and many other subject areas.

Consequently, the need for and the workload of the tribal courts have increased dramatically since 1980. Yet, the level of funding for these crucial services has decreased in similar proportions. The system was originally funded at $350,000. At that time, this court system had approximately 13 employees. Since that time funding has decreased to $116,800 for this fiscal year and only $99,300 banded for the next fiscal year.

This serious decrease in financial assistance has had a detrimental impact on the level and quality of services provided to the communities. For example, the system now has only three full-time employees: the judge, prosecutor, and secretary. Since 1983, the tribal judge has had to assume the responsibilities of the administrator. The prosecutor has assumed the caseload of two assistant prosecutors, tribal presenting officer, and Indian child welfare resprsentative in state courts. The administrative secretary serves double-duty as the Chief Court Clerk. Their wages are at a level far below what their colleagues receive for comparable work.

For these reasons, the Northwest Intertribal Court System requests that it be funded for the next fiscal year in the amount of $350,000. This is the amount of our original funding level. This amount will help to restore judicial services to the minimum level needed for satisfactory tribal self-government.

A denial of funding to our organization will result in serious harm to the governmental interests of numerous western Washington Indian tribes. I respectfully request that appropriate funding be restored so that we may continue to implement the policies of this nation and of the Indian communities which we serve.

STATEMENT OF WILLIAM E. JONES, VICE CHAIRMAN, LUMMI INDIAN TRIBE

The Lummi Indian Tribe, geographically located on the Northwest Coast of Washington State, currently operates the largest American Indian fishing fleet in North America. A majority of the 2500 enrolled Lummi Tribal members depend on the fishing industry, either as independent fishermen or as employees in commercial Tribal ventures, for their livelihood. Although the reservation land has minimal natural resource value, the reservation borders prime commercial fishing and recreational boating areas as well as traditional shipping lanes. The future self-sufficiency of the Lummi Tribe depends on the management, enhancement, and harvest of the fisheries resource, the carefully planned utilization of a natural harbor area, and the attraction of private enterprise to the reservation.

The anadramous salmon fisheries is integral to the Lummi Tribal economy and culture. The traditional Lummi Tribal fishing harvest intercepts both North and South bound anadramous salmon runs. The usual and accustomed Tribal fishing area serves as a virtual gateway for these anadramous routes.

The Lummi Tribal fisheries sustained significant loss of salmon harvest potential in the U.S.-Canada Pacific Salmon Treaty to ensure sustained yields to the Puget Sound, Coastal, and Columbia River and accommodate equitable U.S.-Canada distributions. In the next four years, the Lummi Tribal fisheries will lose rights to 3.32 million Fraser River Sockeye and 2 million Pink Salmon valued at over $7 million dollars. Intensive hatchery enhancement of Chum, Chinook, and Coho salmon species outside Canadian interception jurisdiction will be an extremely important replacement initiative to sustain the economic vitality of the Lummi commercial fisheries.

Major renovations and expansion on existing 15 year old facilities to modernize operations, reduce production expenses, and increase annual yields and alternative species will require an appropriation of $779,960. The major elements necessary for this renovation and modernization project include:

Renovation of fry rearing, system	$310,000
Well water development	65,000
Incubation room modification	98,000
Rearing Pond Renovation	185,000
Raceway Renovation	61,000
Project Management & Administration (24%)	105,960
Total Funding Requested	$779,960

A detailed description of hatchery renovation requirements, current hatchery yields to the regional economy, and justification of need is submitted along with this testimony for Committee review. For the record, this will be the third year this scientifically and economically documented need has been presented before this Committee for consideration. The losses sustained by the Lummi Tribe of available commercial salmon fisheries in the U.S.-Canada Treaty negotiations to ensure an equitable return for other fisheries regimes adds further justification to support hatchery renovations.

The BIA FY86 Appropriations Justification for Wildlife and Parks proposes to reduce all Tribal hatcheries operations and maintenance appropriations by $347,000 with Lummi hatchery O&M to be reduced by $36,000 with an estimation that "there are no detrimental effects to any one hatchery." This contention is not true in terms of the Lummi Tribe. We request Committee restoration of all hatchery O&M to the FY85 level.

The Lummi Tribe received approval of an economic development grant to purchase Fishermen's Cove on the reservation which is a business complex of boat storage and repair, retail, and restaurant facilities. Although the local Rainier National Bank had approved a $1 million matching loan if Federally guaranteed, the Interior Solicitor has unofficially denied Tribal use of Federal guarantees as the initial FY82 justification for this program described the 75 percent match requirements as generated solely from private sources, thus disallowing the guarantee. Only House-Senate Appropriations Committee language allowing Assistant Secretary for Indian Affairs case-by-case approval of a Federal guarantee as a match will resolve this issue. We request such language be included in the report for the FY85 supplemental appropriation.

The BIA underestimation nationwide of Tribal needs for indirect cost in FY85 by five percent and have reduced Tribal 638 contracts by this amount. These appropriations, supporting Tribal management capacities, are critical for effective Tribal program operations. We request that this shortfall be restored in FY85 supplemental appropriations legislation and fully restored in the FY86 appropriations.

The Lummi Tribe plans to build a commercial and recreational marina. The planned harbor facilities will take advantage of commercial traffic from Alaska and the Near East for Export-Import purposes with recreational mooring and support facilities to capitalize on the proximity of the San Juan Island recreational boating areas. The Lummi Tribe currently needs a major road to lead to the marina for transportation access accommodating commercial-recreational facilities and construction transport. We are seeking these road construction funds through the existing appropriations available under P.L. 97-424, The Surface Transportation Assistance Act. As regards the marina, we urge this Committee to help restore the appropriations for the Economic Development Administration and SBA proposed for elimination by the administration again in FY86.

The primary concern of the Lummi Tribe is the well-being of the Tribal membership ranging from family stability and housing to the social infrastructure requirements of health, social, educational, and community services. The administration continues to exhibit a surprising disregard for these basic human needs and we urge this Committee to restore support for human service delivery systems. The new Federalism, which block grants support program funds to State governments, completely ignore Tribal governments as if we do not exist.

Over half the Lummi Tribe and our very future are under the age of eighteen. The critical juvenile years, when our youth are maturing in the stresses of modern society and two cultures, simply offer limited support for guidance and counseling; no support for substance abuse diversion or delinquency prevention. Block grants from the Office of Juvenile Justice and Delinquency Prevention of the Justice Department and the National Institutes for Drug Abuse and Mental Health are for States, not Tribes! The IHS alcoholism program focuses on treatment, not prevention. We request that this Committee give serious consideration for an Indian juvenile delinquency prevention and substance abuse diversion initiative in the FY86 appropriations for BIA and IHS. And, as the only Tribally-controlled counseling, guidance, and tutoring resource, we request complete restoration of JOM funding in the FY86 appropriation.

The stability of family structures reflect the health of Tribes, societies, and cultures. American Indian families have been severely stressed over the past century creating alarming patterns of family disintegration with the breadth of disruptive social behavior from substance to child abuse; separation and divorce to generations locked into low educational achievement and poverty. The Committee is urged to give serious consideration to an IHS and BIA program emphasis on family support mechanisms. In this regard, we request an increase in Indian Child Welfare appropriations so all Tribes may adequately participate. And, a complete restoration of appropriations for the CHR program so responsive to individual and family health needs and disease prevention.

The Lummi Tribe is particularlyconcerned with its limited law enforcement capabilities. The Tribe is located in close proximity to metropolitan areas which creates understandable jurisdictional tensions and criminal activity. The Lummi Tribal Police force consisted of six officers in 1980 handling 395 incident reports resulting in 124 arrests. In 1983 with only 2.5 full time officers, incident reports totalled 776 with 316 resulting arrests. In 1984 Lummi Tribal police handled 811 incident reports with 306 Indian arrests and 67 non-Indian referrals to State courts. The minimal available wages, stress from attempting to provide 24 hour coverage, lack of equipment and equipment failure all contribute to low morale and high turnover rate among Tribal policemen.

We have repeatedly expressed to this Committee our over-growing concern over the lack of Tribal law enforcement capabilities, unresponsiveness of BIA and FBI investigative personnel to Lummi needs, lack of court personnel and resources to adequately provide an effective judicial system, and jurisdictional conflicts. Although this Committee added over $7 million for law enforcement improvements and $1 million for Tribal Court systems in FY85, the Lummi Tribe has been handed reduced budgets for both programs. We are desperately in need of increased law enforcement and judicial system personnel and support resources. Therefore, we request a budget in FY86 of $205,000 in law enforcement for four officers, a sergeant, one half-time police chief, criminal investigator, and operational expenses to provide adequate protection and begin to actually reduce crime on the reservation. And, we request $70,000 for judicial services to provide a responsive judicial system at Lummi.

The Lummi Child and Family Services program provides an extremely important professional support function to those Tribal members most in need. These services currently handle 135 wardships and 18 foster placements, as well as the oversight of 8 authorized foster homes with a total capacity of 28 children. Child abuse, including sexual abusement, is a critical concern for the Child and Family Services staff. Program staff, tapping a wide variety of Federal, State, and local resources, provide services from infants to the elderly, the poor and unemployed. The utilization of multiple resources strains the program administrative capacity to efficiently coordinate and manage. We urge this Committee to consider through IHS and BIA social services a program targeted to improve Tribal management capacities in social and health services, particularly focusing on the strengthening of the family.

The Lummi Tribe purchased a vacant school facility adjacent to the reservation in FY83 to house a Tribal school for children grades K-8 serving approximately 80 students. The established kindergarten program and grade school program was expanded several years ago to accommodate students ages 13-14 who have been aliented from public school systems. These teenage children, vulnerable to dropping out of school and life opportunities due to learning deficiencies and the need for individualized tutoring, receive specialized education services from certified professional teachers. Counseling and support services are provided by the Lummi Child and Family Services. BIA concentrated support for this State certified and Tribally-operated school is requested to maintain instructional quality and improve facilities.

The Lummi Community College has evolved into an educational resource for the Lummi Tribal community and as a potential post-secondary training facility for Pacific Northwest Tribes. The college with approximately 80 students is currently receiving 638 grant, the college provides specialized training to Tribal fishermen in business management skills. The Tribe envisions with Federal support an expanded role for college faculty to serve as extension agents in training Tribal fishermen in business management, boat maintenance, repair of equipment, and entrepreneurship options for business expansion. If successful, this program could be transported to other Tribes to enhance their individual and Tribal economic ventures in fisheries.

In closing, we wish to address two issues of principal concern for the appropriation sub-committee on HUD-Independent Agencies concerning Tribal governments. First, the HUD regulation requiring 30 percent of an individual's income for low income housing monthly rental and purchase payments has created rents/payments most disproportionate to the local economy. We are seeking a deletion of this most disruptive regulation and the return of housing program management to local Indian Housing Authorities. Hopefully, appropriations for Indian Housing will be restored to FY85 levels. And second, although the EPA finally established an Indian policy in November, 1984, the administration has made no appropriations request for Tribal governments. We are seeking appropriations to cover central and regional office staff, assessment studies and technical assistance as well as pilot demonstration programs. The EPA apparently has no current qualms utilizing American Indians in TV ads for environmental awareness and denying Tribes access to resources for their own environmental protection.

STATEMENT OF JOSEPH B. DELA CRUZ, CHAIRMAN, QUINAULT INDIAN NATION

The Quinault Indian Reservation is situated on the Pacific Coast of the Olympic Peninsula within the boundaries of Washington State. Due to our rural, isolated geographic location, the Quinault economy depends primarily on the management, development, harvesting, and processing of our forestry and fisheries natural resources and the improvement of our membership infrastructure to fill our manpower needs.

Forestry and fisheries operations are extremely complex dependent on scientifically sound management practices to ensure sustained and potentially increasing yields. The processing of the harvest yield is a delicate business enterprise fluctuating according to regional, national and international market demands. The prosperity of the Quinault Tribal membership stretching to future generations depends on our current capabilities to manage and develop these renewable resources. Provision of education, training, social and health services to the Tribal membership through stable Tribal government operations is essential to improving Tribal quality of life, employment potential, and future generations existing in relative self-sufficiency.

The Quinault Tribe assumed management of its 200,000 acres of forest lands in 1977 under P.L. 93-638 contracts. A classic control struggle between the BIA and the Quinault ranging from forest management theory and practice to BIA attempts to reduce contract levels. We are most appreciative of the Committee membership and staff in resisting contract reductions at Quinault in recent years and restoring our forest contracts to their requested levels.

We are proud of our forest management accomplishments despite our relationship difficulties with the BIA. We have planted six million trees on 14,000 acres; scarified 700 acres for site preparation and burned approximately 5700 acres; pre-commercial thinned 700 acres; inventoried all 130,000 trust acres on the reservation; and, introduced genetically superior douglas fir and hemlock which will yield twenty percent more wood. The Tribe has enacted a Forest Practice Act with corresponding regulations to stop the destructive logging practices of the past and require timber harvesting methods acceptable for rapid regeneration.

The Quinault forestry program has not been supported, however, in proportion to appropriations levels. In FY77 the Committee appropriated $12,772,800 and the Tribal contract was $974,500. In FY84 and 85 the Federal appropriations were $27,092,000 and $32,315,000 respectively while the Tribal contract remained at $815,000 with threats of reductions. The Congress increased appropriations on the average of 7.9 percent a year, the BIA Portland Area Office appropriation increased an average 11.5 percent a year, the local BIA agency forestry appropriations increased by 2.2 percent, and the Quinault forestry contract decreased an average 2.4 percent a year. There may be bureaucratic explanations for these statistics; however, they don't translate into increased field operations at Quinault.

Unfortunately, I appear before your Committee this year to protest proposed appropriation reductions in BIA forestry. On page 150 of FY86 BIA Budget Justifications, the BIA outlined its proposed distributions of the BIA forestry appropriations. Note that the BIA has requested a $1.825 million decrease from its FY86 base. Of this $1.825 million decrease, the BIA proposes to decrease Tribe/Agency Operations by $52,000; to decrease Area Office Operations by $88,000; to make no funding change to Central Office Staff; and, to take 92% of the total decrease or $1.685 million from Field operations. Field Operations include Forest Development, Timber Sale Administration, and Forestry Inventory and Plans. Field Operations is the funding source for the 93-638 contract which tribes historically use to fund their tribal forestry operations.

In testimony given to your Subcommittee last year on March 14, 1984, dealing with the FY85 appropriation request, the BIA confirmed that it was spending only $1.57 per acre for forestry management compared to $2.34 per acre by the U.S. Forest Service, $7.39 per acre by the BLM, and $5.47 per acre by private owners. Most of the discussion between Chairman Yates and the BIA representatives during that testimony concerned Forest Development funding and the need for the BIA to request adequate Forest Development monies to assure Indian lands would be reforested and receive a comparable level of management as other federal lands. At Chairman Yates' direction, the BIA resubmitted its FY85 appropriation request in July, 1985, increasing the funding levels for Forest Development. An amount of $11,970,500 for Forest Development finally was enacted in FY85 as opposed to the originally submitted proposal of $8,714,000.

Now, in its FY86 appropriation requests, the BIA is reducing the total Forestry Program request from $33,311,000 to $31,486,000 - a reduction of $1,825,000, 68% of which, or $1,236,000, would come from Forest Development funds! This recommended reduction in Forest Development funding appears to be a complete contradiction of Congressional intent in March of last year, when the BIA was directed to increase Forest Development funding levels in order to reforest and manage Indian lands at a level comparable to other federal lands. Presently, Forest Development funds account for only 36% of the total BIA Forestry program funding.

In its FY86 Budget Justification, the BIA has again chosen to maintain the BIA's bureaucracy at the expense of reduced funding in the one area where the role of tribes is dominant; that area where the majority of tribal 93-638 contracts are funded: Forest Development. We request a restoration of these forest development appropriations to FY85 levels with instructive language to give priority funding consideration to Tribal P.L. 93-638 contracting.

As an example of the Quinault problems/needs associated with developing a comprehensive forest management operation, securing the rights of way for the 225 miles of roads throughout the reservation is a management necessity of complex/expensive proportions. We estimate that the cost per mile of road paid for by an allottee is $35,000 plus land purchase expense depending of road condition requiring future repair. Another 30 miles of road at $35,000 per mile constructed into second growth timber doesn't include the cost to be paid for roads built through land with yet unmerchantable second growth timber. The total estimate is $9 million just in right of way purchase and new roads. And, the Tribe is currently negotiating with the State to extend Route 109 through the reservation which would complete the last missing link of coastal highway from Mexico to Canada. State agencies estimate construction cost at $25 million dollars. Hopefully, a majority of road/highway construction costs will be covered by appropriations through P.L. 97-424, The Surface Transportation Assistance Act.

The Quinault Nation has served a leadership role in salmon management in the Pacific Northwest, especially in regard to anadramous fisheries along the coast. The Quinaults have played a major role in the complex process of developing management principles and plans for both treaty and non-treaty ocean and river fisheries including significant contributions to the technical basis and framework for the recently approved U.S.-Canada treaty on salmon management. And, the Tribe continues important salmon production augmenting many fisheries along the coast.

Ocean and terminal fisheries management are critically dependent upon effective coordinated management of coastal stocks. Each fishery regime depends on the harvest rate on these coastal stock to determine their respective quotas. Coordination among several Federal and State agencies, Tribal fisheries, and the new U.S.-Canada salmon commission with its regional panels is essential for overall fisheries management. Currently, no unified management direction exists between the agencies concerned with coastal salmon stock. Four elements are necessary for comprehensive management of fisheries affecting coastal stocks.

1) a common data base;
2) understanding and agreement on management goals and policies for the stocks;
3) long-term planning for production and harvest management to acheive those goals; and,
4) coordinated planning for each season's fisheries with timely up-dates of stock status information.

The Tribe requests full support for a Quinault Management Coordination Center which provides comprehensive technical support to Tribal decision-makers in the development of management plans. Staff also serve as the technical interface with agency technical staff, including representatives from Canada and Alaska. We again request support from this Committee for $94,000 to operate the Quinault Technical Management Coordination Center.

The Quinault Nation operates its own modern hatchery facilities at Lake Quinault producing salmon and steelhead for five river systems in the Quinault Area as well as other regional river systems. The Tribe received $261,000 for hatcheries O&M as compared to the $464,000 requested to operate and expand the program. The BIA FY86 budget justification proposes a reduction of $21,000 to the Tribal hatcheries O&M initiatives further impairing the program. We request the full restoration of hatcheries O&M for all Tribes to the FY85 level. And, the Tribe request an additional $88,000 for hatcheries O&M to total $349,000 to maintain the program at the FY85 funding level.

The Quinault BIA hatchery, formerly operated by the Fish and Wildlife Service, was transferred to the BIA in FY84. Each year the BIA requests $217,500 to operate the facility, which is only 85 percent of actual cost. The Quinault Nation requests that the minimum funding for FY86 be at least $245,000 to maintain these facilities.

Vital to the development of a Tribal self-sustaining economy is the human infrastructure encompassing education, training, health and human services, housing, water and sanitation. The Quinault Tribe, like other Tribal governments, has sustained unreasonably sharp cuts in these programs and services. The administration's new Federalism approach of consolidating Federal programs and block granting to States almost completly ignores the existence of Tribal governments. We request that the Committee review the consequence of the Tribal by-pass in social service delivery systems and consider an alternative mechanism through the BIA/IHS.

The social and health services available continues to diminish for both States and Tribal governments creating growing demands on Tribal support systems. The Tribal social service system currently handles 247 cases with increased State referral of Indian people. The Tribe requests an additional $150,000 in social services to provide for complete and effective case management covering the breadth of social illnesses experienced by our people.

Although this Committee approved increases of over $7 million in law enforcement and $1 million in judicial services in the FY85 appropriations to improve service delivery, the Tribe received no increase. In fact, our judicial system has been funded at the same level of $39,100 for the last five years. As a self-regulating fisheries Tribe with increase demands on the justice system, we request a $107,400 increase to a total $146,500 to provide the necessary judges, court support personnel, prosecutor and defender, and appellate panels to offer our people an efficient, equitable justice system. In law enforcement, we request an additional $150,000 for general law enforcement services to include ocean fisheries enforcement as well as drug trafficing prevention at night over the 27 miles of coastal beach and 1700 miles of internal reservation roads. Tribal law enforcement and judicial systems are integral to effective government.

We request that the Committee restore to FY85 levels the proposed appropriation reductions in the JOM and CHR programs. The JOM program offers the only Tribally-controlled program of counseling, tutoring, and juvenile delinquency diversion in school systems for our youth. The CHR program has proven a most effective Tribally-oriented disease prevention and health promotion effort for Tribal governments. Again, we suggest consideration of delinquency prevention and substance abuse diversion initiatives through BIA/IHS for Indian people comparable to State block grant efforts. And, adequate Indian Child Welfare appropriations are requested to allow all Tribes to meaningfully participate.

The BIA miscalculated Tribal indirect cost need in FY85 creating a nationwide shortfall of five percent. We request that this error be addressed in the FY85 supplemental appropriation and fully restored for FY86. The indirect cost pool is essential to Tribal government operations.

In closing, we request your attention and support for programs targeted for elimination or severe reduction in other subcommittee jurisdictions. We advocate restoration of P.L. 81-815 appropriations for School Construction in Federally-Affected Areas and funding for Indian HUD housing restored to FY85 levels. Also, consideration should be given to EPA programs for Indian Tribes including central/area office staffing, assessment studies; technical assistance, and pilot demonstration initiatives.

STATEMENT OF MORGAN GARREAU, CHAIRMAN, CHEYENNE RIVER SIOUX TRIBE

Mr. Chairman and members of the Subcommittee, my name is Morgan Garreau. I am Chairman of the Cheyenne River Sioux Tribe of South Dakota. I am grateful to you and the members of the Subcommittee for this opportunity to discuss my Tribe's views on the Fiscal Year 1986 budget.

CHEYENNE RIVER NURSING HOME

The Tribe's top priority for Fiscal Year 1986 funding is our request for money to build a nursing home facility on the Reservation. Approximately 1230 senior citizens reside on the Reservation, 13.5% of whom are not fully ambulatory and require specialized care either in the home or at a nursing home. No nursing home facilities exist on the Reservation. Thus, Tribal elders must leave the Reservation in order to receive the care they need.

Mr. Chairmen, this situation deprives the Tribe of a key human resource. The wisdom and experience of our elders always have been valued highly by our people. The best interests of both the affected senior citizens and the Tribal society at large clearly are best served by keeping the elders on the Reservation.

We therefore are requesting a line-item appropriation of $2,140,840.00 for construction of a nursing home facility on the Reservation. We come to the Federal Government only as a last resort. We have approached many private charitable organizations in search of funds, but have been unsuccessful in obtaining funding. We now are forced to come to Congress in search of funds. The Tribe will contribute the land necessary for the facility, as well as administration costs in the construction of the facility. (See Appendix I)

The value of this project cannot be overstated. Our elders face the dilemma of either enduring on the Reservation without proper care, or leaving their tribal homeland. We wish to care for them on the Reservation, and need your assistance to do so.

TRIBAL JAIL AND JUVENILE DETENTION CENTER

In 1980, the Cheyenne River Sioux Tribe was sued in an effort to improve conditions at the Tribal jail. In settlement of this claim, the Tribe had to agree to make a number of improvements to the existing jail, which was built and is owned by the BIA, and to provide a separate facility for the detention of juveniles. Despite four years of effort, we have been unable to persuade the Bureau to make provision for the necessary repairs and construction. (See Appendix II)

Mr. Chairman, the Tribe does not want to see delinquent children become adult criminals, nor do we wish to have Tribal offenders jailed in unnecessarily poor facilities. Punishment is only one aspect of criminal justice. A far more important aspect of criminal justice is the rehabilitation of offenders. We cannot provide a proper rehabilitation program to inmates when the facilities are in greater need of rehabiltation than the inmates. Equally important, we are unable to meet the Court-ordered standards imposed in the 1980 lawsuit.

We emphasize that if the Tribe were not contracting the Law Enforcement program on the Reservation, the BIA would have been the defendant in the 1980 lawsuit. Although BIA is requesting $79,000,000 in facilities operation and maintenance funds, our request for renovation and expansion of the detention facilities has received such a low priority that no part of those millions is scheduled to be spent on the Cheyenne River jail. Moreover, the Bureau makes no request for construction monies. Thus, no funds for the construction of a juvenile detention facility will be forthcoming.

Mr. Chairman, we are left in an untenable situation. Under the Self-Determination Act, we contracted in good faith to operate the Law Enforcement program using BIA facilities. Those facilities are inadequate and unlawful, yet BIA refuses to upgrade its facilities. If we are unable to force the Bureau to meet this request, we face a very difficult situation. One option open to us is to retrocede the Law Enforcement contract. In fact, we have no intention of retroceding the contract. We would note, however, that if Secretary Hodel and BIA officials were the defendants in the Court proceedings instead of Tribal officials, funds for the necessary repairs and construction undoubtedly would be found.

We request a line item appropriation of $1.2 million for the renovation of the existing jail and construction of a juvenile detention facility. Only then will we be able to operate a satisfactory program and abide by the law of the land.

HEALTH PROGRAMS

Mr. Chairman, we find shocking and unacceptable that only on Indian reservations is there evidence of disease and rates of disease which long have been eradicated in the rest of the country. Bubonic plague, tuberculosis and infant mortality, to name but a few, persist at deplorable rates on our reservations. In these circumstances, we are extremely disturbed by the proposed budget for the Indian Health Service. Specifically, we urge:

1) Continued funding of the CHR program at least at the Fiscal Year 1985 level of $29.5 million. We cannot emphasize enough that, in view of the lack of roads and the high level of poverty on our Reservation, many Tribal members are unable to use the health care provided at the one hospital on our reservation. The CHR staff provide the only real opportunity for these people to receive basic health care.

2) Funding of the Urban Indian Health Care Program at the level of $11 million. Due to lack of available employment on the reservation, many of our Tribal members now reside in off-reservation cities. Most of them are not eligible for alternative health care programs such as Medicare/Medicaid or cannot access

effectively the already over-strained resources of community health centers and other state or local programs.

3) Funding of health care facilities construction at the Fiscal Year 1985 level of $97.77 million. We view the proposal to zero fund this activity as negligent in view of the desperate planning, construction and maintenance needs on our reservation.

JOHNSON-O'MALLEY PROGRAM

Indian people take very, very seriously the education of their youth. We are extremely disturbed by the proposal to provide zero funding for the Johnson-O'Malley program. As you know, unlike non-reservation public schools, we have precious little tax base to support the operation of the schools on our reservations because reservation land is tax-exempt and very little private sector activity exists at the present time. Accordingly, supplemental education funds are vital, particularly in view of the high costs of construction, student transportation and teacher salaries on the reservations.

The BIA in its Budget Justification suggests that JOM duplicates the Head Start and the Department of Education's Impact Aid Program. We simply disagree. First, duplication clearly cannot occur when the Department of Education also proposes zero funding for much of Impact Aid. Specifically, zero funding is proposed for school construction ('815) and school operations for the Category b children (i.e., those whose parents either reside or work on federal property) ('874) and frozen funding is proposed for the Category a children (i.e., whose parents both work and reside on federal property). Indian children on our Reservation are both Category a and b students. If no '815 funds are appropriated, the remaining '874 funds will have to be used for construction and repair, thereby reducing already scarce funds available for basic student education.

Second, our schools have found JOM particularly useful to fund supplemental educational programs which are needed in view of the unique cultural and social circumstances that exist on the Reservation. Reservation schools use Title IV and Impact Aid to provide for the basic education of our children. We submit, therefore, that JOM is not duplicative of the other programs and, instead, is vital to the education of Indian children in very difficult circumstances. Accordingly, we urge the Subcommittee to restore JOM funding at least to the Fiscal Year 1985 level of $28.9 million.

HOUSING

Many of our tribal members continue to live in substandard and crowded housing. Others, in desperation, have moved into HUD housing which, due to poor design, requires over $259.00 a month to heat or cool. As a result, many HUD tenants have had their utilities shut off. We now are working with the BIA and relief agencies to identify sufficient funds to assist these people.

We desperately need substantial sums to renovate existing housing to make it more energy efficient and to plug cracks and holes. But, we also need funding for new housing construction, particularly since the President is proposing to eliminate altogether the HUD Indian Housing Program. The BIA, however, proposes for the Housing Improvement Program in Fiscal Year 1986 to hold construction programs to a minimum," . . . consistent with a freeze approach that minimizes new construction starts." Accordingly, the BIA proposes a reduction in the Housing Improvement Program of approximately $5.5 million. In light of the pressing needs for both housing construction and repair on our Reservation, we urge the Subcommittee at least to maintain the Fiscal Year 1985 level of $19,586,000 for the Housing Improvement Program.

TRIBAL GOVERNMENT SERVICES

We support the concept of funding Tribal activities in the area of modernizing Tribal constitutions and commercial codes. We were pleased to see that the Bureau proposes to set aside funds to assist Tribes in these areas. The $200,000 requested by BIA for this purpose, however, seems grossly inadequate in view of the widespread need for modernization of Tribal law.

The Cheyenne River Sioux Tribal Council has begun work on a major overhaul of the Tribal Constitution and Code. If this work is to be completed successfully, however, we will need the support of the BIA. We urge the Subcommittee to double the proposed set-aside for these activities to $400,000 and ask that $25,000 be designated for the use of the Cheyenne River Sioux Tribe.

Mr. Chairman, in conclusion, I emphasize that we appeal today to the Subcommittee to ensure that our people are provided with the bare minimum needed to survive in a country whose prosperity has escaped them. Specifically, we ask that the Subcomittee at least maintain Fiscal Year 1985 funding levels to meet the basic education, health and housing needs on our reservation.

Again, I appreciate greatly this opportunity to present the views of the Cheyenne River Sioux Tribe.

STATEMENT OF RODGER BOYD, NAVAJO NATION

Mr. Chairman, members of the Subcommittee, my name is Rodger Boyd. On behalf of Chairman Peterson Zah and the Navajo Nation, I want to extend our thanks to the Subcommittee for this opportunity to comment on President Reagan's FY 1986 Budget for the Bureau of Indian Affairs (BIA). We will be submitting detailed written comments and requests to the Subcommittee in the next few weeks as a followup to our comments here today.

The Bureau of Indian Affairs (BIA) in their FY 1986 budget proposal are requsting $927.4 million. It appears to the Navajo Nation that this proposal only holds the line, maintaining the status quo on the future development on Indian reservations. Upon inspection of BIA's budget proposal it is revealed that they are making deep cuts and eliminating programs that greatly assist Indian people in building the educational, social and economic infrastructure on reservations.

The Navajo Nation takes strong exception to these cuts in areas such as the Johnson O'Malley program (-$28.8 million), reducing the Employment Development Program (-$1.1 million), and Natural Resource Development (-$4.4 million). We are also very concerned about the lack of BIA's trust responsibility commitment in supporting activities on the reservation such as implementing P.L. 87-483, the construction of the Navajo Indian Irrigation Project and the Bureau's lack of tribal consultation over school closures.

EDUCATION

THE JOHNSON O'MALLEY PROGRAM The Bureau of Indian Affairs recommends the elimination of this program. This recommendation is unsound and is supported by inaccurate and misleading assertions in the BIA budget justification. Elimination of the Johnson O'Malley program appears to have been a last minute proposal. Earlier budget justification documents which the Bureau prepared included funding for the program at its current level. These earlier documents contained no allegations of problems or duplications within the program. On the contrary, they praised the effectiveness of the program. We are concerned both with the potential harm to the education of Indian children which would be caused by the elimination of the program and by the total misrepresentation to the Congress of the educational needs of Indian children contained in the Bureau's justification.

Navajo Nation serves approximately 40,000 students with its $4.7 million of JOM funds within the states of Arizona, New Mexico and Utah. Aside from the educational benefits to a sizable population within a tri-state region, JOM economically impacts upon 25 public school districts which comprise 149 schools, and employs 520 Navajos. Overall, the magnitude of the JOM program within Navajo Nation is unparalleled.

The BIA budget justification states that the same types of services provided by the Johnson O'Malley program can be funded by Title IV, Chapter I, or the Head Start Program. Even if this is theoretically true in regard to some categories of services, it is not pragmatically true because of the funding limitations within these other programs. A 1981 study by the General Accounting Office, HRD-81-101, found that local coordination of programs prevented duplication between the JOM and the Title IV program. In those few cases where the GAO did find duplication, the report indicated that better local coordination could eliminate this problem. In the Navajo Nation's Johnson O'Malley program, our evaluation of JOM programs indicates that this local coordination is in fact taking place. Program funds from the various supplemental programs are used by our local school districts to complement each other, not to duplicate each other. Funds from one program help make up for the inadequacy of the funding level in the other programs.

JOM funds are being used for counselling programs aimed at the special problems of Navajo students. They are being used to fund special programs for pregnant students and students who are single parents. They are being used for special vocational enrichment programs. JOM funds are being used to develop courses and materials in Navajo language and culture and courses in Native American literature. The Navajo Nation, in education policies adopted by its Tribal Council, and approved by the Bureau of Indian Affairs, has declared that Navajo children definitely do have cultural-related academic needs. In many cases, local school districts are utilizing JOM funds to meet these needs at least in part.

In conclusion, the Johnson O'Malley Program is an important component of the education resources available to Navajo children and to all Indian children attending public schools. Elimination of the program is being sought simply to cut the BIA budget, without regard to the realities of the value of the program or the needs of the students involved. The Bureau's justification for eliminating the program contradicts the Bureau's own statements made scarcely a month prior to the introduction of the budget. These justifications are based on erroneous and misleading statements about the educational situation of Indian children, the availability of other resources and the administration of the Johnson O'Malley program at the local and tribal level. In past years, Congress has had the wisdom to reject similar ill-conceived attacks on the Title IV program. We urge Congress once again to protect an important Indian education program from elimination.

SCHOOL CLOSURES Of foremost concern to the Navajo Tribe is the hasty manner in which The Bureau's Office of Indian Education Programs (OIEP) is proceeding with school consolidations within this school year which will lead to more problems and undermine alternatives that are now available in connection with these activities. P.L. 98-511, which was adopted by the last session of Congress, establishes procedures which must be followed and sets forth questions that must be answered before a BIA school can be closed or consolidated with another school. These include the involvement of tribes, local school boards, and parents from the earliest date of the consideration of such changes. They also include assessment of the educational and social needs of the students, and identification of available alternatives. P.L. 98-511 requires a report to Congress on any proposed closure or consolidation in the academic year prior to the year when the closure or consolidation will take place (Sec.502(g)).

It is our position that this law is fully in effect and applies to the proposed closures and consolidations now being forced upon us by OIEP. Congressional action to defer FY 1985 funding of Title V of P.L. 98-511 did not amend, repeal or render ineffective the provisions of Sec.502(g) which prohibits the closure or consolidation of any school except in accordance with the aforementioned provisions. This is another critically important reason why we believe that final actions on the proposed closures and consolidations within this year is illegal and totally inappropriate. In this same regard, we feel compelled to remind BIA that as our trustee, OIEP can and will be held to the highest fiduciary standards. P.L. 98-511 merely sets forth some minimal standards against which the courts will measure the fiduciary duty.

NAVAJO LAW ENFORCEMENT

In FY 1985 Congress appropriated $5.5 million, minus the 2% reduction, in BIA's P.L. 93-638 contract for law enforcement operations on the Navajo Reservation. This appropriation was in addition to BIA's existing $3.6 million budget and in FY 1985 the Tribe contributed $4.0 million. This appropriation was very much appreciated, but it is projected that in the next few years the Tribe will require about $19.0 million annually for law and order operations which would enable the tribe to comply with minimal federal standards.

During the negotiations between the Navajo Nation and BIA on the 638 law enforcement contract for FY 1985, the BIA insisted on an indirect cost of $730,053 to be subtracted from the Congressional appropriations. This Bureau policy of taking funds out of program/contract funds is extremely damaging to the Tribe's budget planning process and eliminates funds that are needed to improve the standards of law enforcement. This cutback will force the Navajo Nation to eliminate some additional personnel positions that would have assisted in the BIA's contractual demand on the Tribe to bring it's Law Enforcement into compliance with BIA standards.

The Navajo Nation requests that this Committee increase BIA Law Enforcement Budget by $3.0 million in FY 1986, and prohibit BIA from deducting their indirect costs from appropriated operations funds. The increase would enable the Tribe's program to eventually attain its projected $19.0 million operation level and to improve protection for all citizens residing on the Navajo Reservation.

NAVAJO INDIAN IRRIGATION PROJECT

The Navajo Nation appeared before this Committee seeking $9.1 million in FY 1985 for the continuation of the Navajo Indian Irrigation Project (NIIP). Congress granted our request with a 2% reduction, leaving $8.9 million for construction of the project. This was the first appropriation the NIIP had received in four years. To date, none of these funds have reached the construction site and the Navajo Tribe continues to receive excuses from the BIA about the delay.

Meanwhile:

1) The Secretary of the Interior is deferring until a BIA report is completed with recommendations on the project. This report was due to Congress on January 1, 1985.
2) OMB is threatening to rescind the FY'85 appropriation.
3) Bureau of Reclamation (BOR) is drastically scaling down its operations on NIIP because of what they claim are lack of operating funds. This is being done even though they have received $900,000 from the $8.9 million to continue operation until the end of FY 1985; and
4) Negotiations between the Navajo Nation and private sector concerns are being curtailed because part of the proposed joint venture includes the use of water and land in Blocks 6 and 7 of NIIP. The $8.9 million appropriation would start the construction on Block 6 and assist the Tribe in its joint venture negotiations.

It has been twenty-three years since Congress authorized legislation promising the Navajo Nation an irrigation project of 110,000 acres in exchange for the development and construction of the San Juan Chama Diversion Project. This project was completed according to its construction schedule, but NIIP is less than half completed and now the Secretary of the Interior is questioning the justification of this project for which he has stated that there is no use.

The Navajo Nation views this project not only as a contract between the Federal government and the Tribe, but in addition, this project is the keystone to establishing an agricultural economy on the Reservation that will provide the opportunity to joint venture with the private sector and create a self-sustaining economic base.

Therefore, the Navajo Nation requests that Congress assist in expediting the release of $8.0 million from OMB for FY 1985 and we request that $9.1 million be added in FY 1986 for the continued construction of Blocks 6 and 7.

NAVAJO AGRICULTURAL PRODUCTS INDUSTRY

In 1970 the Navajo Tribe established the Navajo Agricultural Products Industry (NAPI), an enterprise directly responsible for overseeing the day-to-day operations of the farming industry on the Navajo Indian Irrigation Project (NIIP).

It should be noted that NAPI was not authorized in P.L. 87-483 which created the construction of the NIIP. But in the budget process both BIA and OMB have found it convenient to combine NAPI and NIIP together and to hold hostage the NIIP appropriations of $8.9 million because of some of the operation problems that NAPI has suffered over the past years.

The Navajo Nation clearly sees NAPI and NIIP as two different activities in the Tribe's quest for establishing a more sound agricultural economic base for the Reservation. Congress authorized the law to construct NIIP with the understanding that BIA and the BOR would be responsible in implementing the law. On the other hand NAPI was authorized by the Navajo Tribal Council — based on the creation of NIIP — and has been working with BIA to alleviate the operational and financial problems plaguing the enterprise.

Congress established the legal right to construct the NIIP and plainly the BIA and BOR are not abiding by P.L. 87-483 by not requesting any construction funds for FY 1986.

For the past 1 1/2 years the Navajo Nation and BIA have been working together to resolve the financial problem confronting NAPI. As a result an agreement has been made to resolve the debt problems. Under this plan, the Navajo Nation will directly assume $25.0 million of the NAPI debt. BIA has agreed to seek from Congress a $25.0 million, 20-year, interest-free loan for the balance of the debt. The Navajo Nation will be responsible for repaying this loan. Despite its agreement with the Tribe, BIA has failed to produce the famous "NAPI Report" recommending to the Interior Department and Congress this financial plan.

If this plan were implemented it would allow NAPI to operate without the debt service. Combined with adequate capital, the enterprise has the potential to be a profit making venture for the Tribe.

It is with this intention that the Navajo Nation requests that Congress consider the $25.0 million, no interest loan in its FY 1986 appropriations.

RESOURCES PROTECTION

MINERALS AND MINING Under the proposed FY 1986 BIA budget, programs categorized under "Minerals and Mining" are slated for a reduction of approximately $4.5 million in the FY 1985 funding level.

Under the authority given to it by the Snyder Act of November 2, 1921 and according to its own stated objectives, the BIA is committed to "assisting tribes in achieving the maximum income and employment return from utilization of their mineral resources." In the interest of delineating areas of potential for Navajo minerals development, the Navajo Tribe has submitted to the BIA requests for funding two proposals regarding minerals resource assessment. Neither of these projects have been funded.

One proposal consists primarily of an evaluation of all metalliferous and fuel minerals on the vast Navajo Reservation. It is meant to update and augment a minerals resource study of Navajo lands in Arizona and Utah that was completed in 1955, as well as to address the potential for new oil and gas field discoveries. The updated survey would also include the New Mexico portion of the reservation, which was not treated under the previous study. In addition, this proposal includes the purchase of computer hardware and software and a training program for Tribal staff in regard to lease compliance and inspection. The total amount of funding requested for the proposal is $400,000.

The second proposal submitted to the Bureau requests the funding of a metallic minerals resource evaluation project in the western part of the reservation. This evaluation project deals specifically with unique geologic features known to have good potential for mineralization that is economic even at current metallic minerals price levels. The funding request for this project totals approximately $1.4 million.

The effects of a reduction of budget allocations available to the Navajo Nation through the BIA's Minerals and Mining programs will be extremely harmful to the Nation's attempts to achieve a large degree of self-sufficiency. The lion's share of Tribal revenues has traditionally come from minerals development, particularly of oil and gas. These revenues are on a sharp decline and the outlook, without significant new minerals discoveries, is for a steady reduction in minerals-derived revenues. This situation comes at a time when federal funds are rapidly shrinking, and therefore, more and more reliance is placed on Tribal revenues derived from minerals development.

FORESTRY The reductions in the BIA's Forestry budget is eliminating much of the needed increase received in FY'85. The Congress approved increases in Forest Development, Timber Sales administration, and Forest Inventory. These increases were intended to be long term. We are not asking for additional increases, only to ensure continuation of the FY'85 budget level. In FY'85, there is $0.29 per acre invested by the Federal Government to develop the Navajo forests for jobs and economy. What can be done with $0.29? BIA's proposed FY 1986 budget will make it about $0.27 per acre that the government will expect us to use in developing and maintaining a million dollar forestry program.

The Navajo Tribe is now starting to cooperatively improve the deteriorated condition of the 500,000 acres of timber forest. We have a timber industry that contributes over $12 million for operations and employment for Navajo people directly and over $120 million in added value to the economy.

Also of major importance is the 4.5 million acres of woodlands Navajo people depend on for fuel wood and nut crops, on which there are no inventories, no management plans, no controls, only minimum fire suppression. For the overall forest management need on 5,000,000 acres the Federal Government is investing only $0.11 per acre for management and $0.18 for the add on special short term works. The Navajo people cannot develop the economy needed for self-determination with $0.29 an acre. A reduction will eliminate any hope of development.

NAVAJO FISH AND WILDLIFE The Navajo Area has approximately 14.5 million acres of manageable wildlife habitat including 4,000 surface acres of lakes and nearly 180 miles of streams and rivers. This is an area about the size of West Virginia. To manage and develop this entire area, the Federal budget in FY 1985 invested only $0.01 per acre. The inland fishery and more arid wildlife areas have not been receiving adequate consideration in management needs. To develop our fishery and wildlife resources, assurances of adequate allocations to be used at the program ment needs. To develop our fishery and wildlife resources, assurances of adequate allocations to be used at the program level must be a part of the budgets.

The Navajo Reservation contains a vast potential for the continued development of its fish and wildlife resources and continues to provide an estimated 63,000 man days of hunting and fishing annually. It is estimated that sportsmen spent approximately $1.3 million to pursue these activities on the Navajo Reservation. Additionally, 12,688 hunting and fishing permits were sold in calendar year 1984, amounting to nearly $126,000 in revenues to the Tribe. There are already indications that our permit sales will more than double in the very near future.

It is essential that every effort be made to increase funding for the Navajo so that optimum development and enhancement of the fish and wildlife resources can be fully realized. This cannot be accomplished for only $0.01 per acre.

The Navajo Nation is committed to developing its own fishery and wildlife management capabilities, including fish production, in cooperation with the Bureau of Indian Affairs. As an example of our commitment, the Navajo Tribe became the first Indian Tribe to establish their own bobcat tagging program separate from state jurisdiction. The Navajo Tribe was also the first Tribe to enact tribal laws to protect threatened and endangered species. Just recently, we have completed the first phase of our fish production facilities by establishing a cold water fish hatchery totally from tribal funds. We are also intensively involved in several research projects to determine the best management options for several important big game species.

We estimate that approximately $500,000 in FY 1986 would be the minimum required to meet our present needs.

WATER ADJUDICATION Again in FY 1986 the BIA is not seeking adequate funds to assist in water litigation on the San Juan and Little Colorado Rivers.

The Navajo Nation estimates that $630,000 for San Juan and $1.03 million for Little Colorado are required to enable the Tribe to meet judicially established deadlines for submission of its claims. The cost breakdowns are as follows:

San Juan River

1.	Tech. Coordination	$ 50,000
2.	Soils	150,000
3.	Engineering	140,000
4.	Water Resources	210,000
5.	Economics	60,000
6.	Historical Study	20,000
	Total	$630,000

Little Colorado

1.	Tech. Coordination	$ 50.000
2.	Soils	300,000
3.	Engineering	100,000
4.	Water Resources	
	a. Surface	170,000
	b. Ground Water	
	1. Pump testing and drilling including hydrogeologic services	190,000
	2. Ground Water Analysis	$100,000
5.	Economics	70,000
6.	Hist. Study	50,000
	Total	$1,030,000

NAVAJO-HOPI INDIAN RELOCATION COMMISSION

Again this year we come before this Committee requesting funds to develop "New Lands" to be acquired under the Navajo-Hopi Land Settlement Act.

Under Public Law 93-531, Section 13(c)(2) and (4) it is stated that any plans concerning relocation:

> "take into account the adverse, social, economic, cultural, and other impacts...and be developed to avoid or minimize,to the extent possible, such impacts"

and to

> "assure that housing and related community facilities and services, such as water, sewers, roads, schools, and health facilities for such households be available at their relocation sites."

As Chairman Zah stated before the House Appropriations Subcommittee on Interior and Related Agencies:

> "If relocation is to continue it must be changed. It is a terrible thing to forceably remove a family from its home to a

> strange place. The requirements of the law that such trauma be minimized must be met. Time, money, land, and planning must be provided."

The Navajo Nation is aware of the Navajo Hopi Relocation Commission's request submitted to OMB for $32.0 million to fulfill the requirements of the law in the FY 1986 budget. To our dismany, OMB rejected the submittal and to our knowledge has not developed any alternatives in providing development funds for new lands.

Therefore, the Navajo Nation is requesting that Congress appropriate the $32.0 million as proposed by the Commission in the FY 1986 appropriations.

TURQUOISE TRAIL

In the spring of 1983, both the Navajo and Hopi Tribes agreed to sponsor the Turquoise Trail as the backbone to development in the Former Joint Use Area. As you know, new development has not taken place in this area for over the past twenty years. This road project needs special project status and funding from Congress if this Tribal joint venture is to become a reality. The highway, once constructed will provide the beginning of the vital infrastructure in the FJUA and provide both Tribes better transportation access for jobs, encourage economic development, and further education and health activities.

CONCLUSION

Once again the Navajo Nation is confronted with budget cutbacks and constraints that are making additional demands for the use of tribal revenues. Unlike State and other local governments, the Navajo Nation does not have access to alternative revenues, like income taxes, sales taxes, municipal/industrial bonds, etc, to fill the loss of Federal cutbacks.

If the Navajo Nation is to develop into a more productive component of this country's socio-economic system, then the Federal Government must demonstrate real sensitivity to the current needs and capacities of the Navajo Nation. It is hardly adequate or proper for our trustee to tell us to become more self-sufficient while continuing to deny us the very means by which self-sufficiency may be attained.

STATEMENT OF RICHARD L. GURNOE, CHAIRMAN, RED CLIFF BAND OF LAKE SUPERIOR CHIPPEWAS

Thank you for hearing my testimony today. My name is Richard L. Gurnoe, Chairman of the Red Cliff Band of Lake Superior Chippewas. Red Cliff is located on the shores of Lake Superior in a remote are of Wisconsin. There is virtually no industry in this area and our unemployment rate, nearly 55%, is the highest it's been since we started keeping records.

There is, however, one industry upon which we can expand. The Red Cliff Band of Lake Superior Chippewas holds off-reservation treaty-protected rights to fish on Lake Superior. These rights were challenged by the State of Wisconsin and then reaffirmed by the Wisconsin Supreme Court in 1972 by the "State v. Gurnoe" decision. This decision restricted the power of the State of Wisconsin to regulate fishing by Chippewas to instances where the state can "show that the regulations it seeks to enforce against the

Chippewa are reasonable and necessary to prevent a substantial depletion of the fish supply."

Since that decision 13 years ago, members of the Red Cliff Band have developed their individually-owned commercial fishing operations to a point where their harvesting capability rivals that of the well-established, state-licensed commercial fishery. Commercial fishing is the reservation's only industry and the largest non-governmental employer. Additionally, subsistence fishing is a major source of nutrition for tribal members. Also, there is a significant potential for expansion of economic benefits in the areas of marketing, underutilized species and support services.

The tribal government has attempted to keep pace with the growing fishery by initiating and continuously improving regulations, which include provisions for limited entry, quotas, establishment of fish refuges, gear restrictions, closed seasons, and even the establishment of areas voluntarily closed to commercial fishing for the benefit of non-Indian sport fishermen. Regulations are designed to effectively conserve and allocate this limited resource.

In an attempt to promote good relations and sound fish management, Red Cliff has negotiated two fishing agreements with the State of Wisconsin. The first addresses subsistence fishing and the second, more sensitive one deals with commercial fishing and related activities.

Our commercial fishermen have not always been satisfied with the conditions set forth in this agreement, but then neither has the Wisconsin Department of Natural Resources. Mutual dissatisfaction, in fact, may be the true barometer of a fair and equitable agreement.

The Red Cliff Band has shown its determination to extract the maximum economic benefits from the fishery and to pass on a healthy fishery to future generations. We're also proud--and I think the State of Wisconsin is, too--that we've been able to progress without resorting to postures of open defiance, lawlessness, or costly and inflammatory litigation. Many have viewed the Wisconsin/Red Cliff process as a model of state/tribal interaction.

However, an effective fishery management system requires more than the existence of an agreement and regulations. Trained personnel, equipment, facilities and a respected tribal judiciary are absolute requirements for effective self-regulation. Three disciplines--Fishery Biology, Conservation Law Enforcement, and Conservation Court--must be operative to maintain the management system. These disciplines are now in place through past "piecemeal" funding efforts.

In May of this year, thanks to Congress and this Committee in particular, funding will be available to adequately support a comprehensive conservation management program, including all three management components, for the Red Cliff fishery.

It cannot be stressed strong enough that any success Red Cliff will continue to have with its "compromise through negotiation" approach to assuring the future of the Red Cliff fishery, while still protecting treaty rights, will be contingent upon the maintenance of this sound fisheries management system. It indeed would be tragic to abandon an exemplary start at this stage.

The Red Cliff Band has come a long way since the treaty fishing right was reaffirmed in 1972. Today we have a stable, reasonably prosperous fishery, with the prospect of expansion and improvement in the future. I foresee the time when Red Cliff will equal or even surpass the the State of Wisconsin in the management of the fishery in and around the Apostle Islands of Lake Superior.

For these reasons, esteemed Committee members, I ask that the Red Cliff Conservation Improvement and Maintenance Program proposal of $324,441.00 be added on to the Bureau of Indian Affairs' Fiscal Year 1986 budget as a separate line item specifically for the purpose of maintaining Red Cliff's comprehensive conservation program.

Again, I thank you for affording me the opportunity to testify here today.

LETTER FROM WILLIAM MANCHESTER, CITY MANAGER, FARMINGTON, NM

April 9, 1985

Senator James A. McClure
Chairman Senate Sub-Committee
on Interior and Related Agencies
S.D. 114 Dirkson Senate Office Bldg.
Washington, DC 20510

Re: Request for continued appropriations for the development of the Navajo Indian Irrigation Project in Northwest New Mexico.

Dear Senator McClure:

Enclosed herewith is a Resolution from the Mayor and the City Council for the City of Farmington, New Mexico. This City is located next to the Navajo Indian Reservation in the vicinity of the Navajo Indian Irrigation Project in Northwest New Mexico. The welfare of the Navajo Nation and the development of that irrigation project have a significant effect on the economic and social well being of the City and this region, as well as having a significant effect upon the Navajo Nation and its members.

We desire to inform you that significant progress has been realized by the Navajo Nation and many of its individual members since the development of that project. The jobs that it has created for members of the Tribe and the training opportunities provided has resulted in significant social and economic progress benefitting the entire region. We recognize that there has been a problem of getting that project established on a profitable basis; nevertheless, it is our belief that the benefits in terms of progress by the

Navajo Nation and its members, as well as the benefits that have flowed through to the City of Farmington and to the balance of this region, have far exceeded any deficit that may have been suffered by the project.

The failure of the Congress to carry out its commitments to the Tribe to develop this Project in order to permit the use of the Tribe's water rights on those lands which can be reasonably serviced, is a matter of critical importance to all of the inhabitants of this region. Please do not delay the development of the project.

The recent recession in the oil, gas, and minerals industries has severely impacted this area. The City of Farmington and the Navajo Nation have been subject to significant economic deprivation. Failure to continue with the development of this project will further heighten the suffering of the members of the Navajo Nation and place even greater burdens on the City of Farmington and San Juan County.

Failure to provide for continued progress in the utilization of the land and of the water available to the Navajo Nation through this Project will be an abandonment of the responsibility of the United States. The far reaching effects of any failure to act affirmatively on the continued development of the NIIP Project impel us to request continued funding of the project. All projects of this nature go through periods of adjustment and experience before they can become profitable. We believe this Project will become economically viable once all the parts are completed. Do not abandon the Project at this level.

Please make this letter and Resolution a part of your record of the hearings held April 4, 1985 concerning appropriations for the Navajo Indian Irrigation Project.

Your support for continued funding for this project is of critical importance to the City and to this region as well as to the Navajo Tribe. Thank you.

CITY OF FARMINGTON

William Manchester

William Manchester, City Manager

RESOLUTION NO. 85- 446

A RESOLUTION URGING THE CONGRESS AND THE PRESIDENT OF THE UNITED STATES TO HONOR COMMITMENTS TO THE NAVAJO INDIANS AND TO PROVIDE FOR THE COMPLETION OF THE NAVAJO INDIAN IRRIGATION PROJECT

WHEREAS, the City Council of the City of Farmington has been informed and is aware that the United States Government acting through the Congress of the United States has made various commitments to the Navajo Indians to fulfill its obligations under Treaties with the Navajos; and

WHEREAS, the City Council of the City of Farmington is further informed that the United States has agreed to meet some of its commitments to the Navajo Indians by providing for the development of the Navajo Indian Irrigation Project; and

WHEREAS, the Congress has seen fit to adopt legislation and to provide funds for the completion of other projects in satisfaction of its obligations to other Indian Tribes in the Southwest among which are the construction and completion of the Central Arizona project, the adoption of legislation to resolve water claims of the Chuichu and Gila Bend areas of the Papago Indian Reservation, and the adoption of legislation to guarantee the Ak Chin Indian community a permanent water supply; and

WHEREAS, the Navajo Indian Irrigation Project (NIIP) was authorized by Public Law 87-483 in 1962 but to-date after the elapse of twenty-two years is only forty percent complete; and

WHEREAS, it is evident that from the foregoing that the Congress of the United States has not fulfilled its obligations to the Navajo Indians; and

WHEREAS, the NIIP project and the jobs and economic opportunity that it provides is a significant part of the economy of this region and is particularly a significant part of the economy of the City of Farmington; and

WHEREAS, this region is suffering from a severe economic recession because of the recession in the oil, gas and minerals industries; and

WHEREAS, the continued funding of the NIIP project is required to prevent further suffering by the Navajo Nation and further losses to the economy of this region;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF FARMINGTON:

Section 1. That the City Council of the City of Farmington does respectfully urge the Congress and the president of the United States to fulfill its obligation to the Navajo Indians by the adoption of legislation and by the implementation of all necessary action to immediately effect the completion of the Navajo Indian Irrigation Project.

Section 2. That the City Council of the City of Farmington be formally placed upon record as objecting to the failure of the Congress to provide for construction of such project which has resulted in serious economic adjustment due to inflation which has increased the cost of the project tremendously over the cost which would have been required had the Congress in previous years provided adequate funding for such project.

Section 3. That the City Council of the City of Farmington be further placed upon record as objecting to the failure of the Congress of the United States to fulfill its obligations to the Navajo Indians which has resulted in economic waste, civil disorder, waste of natural resources, and unnecessary social welfare programs.

PASSED, APPROVED, SIGNED AND ADOPTED this 9th day of April, 1985.

SEAL

Dee J. Montano
Dee J. Montano, Mayor

ATTEST:
Joyce G. Harris
Joyce G. Harris, City Clerk

STATEMENT OF GERALD R. ZIMMERMAN, EXECUTIVE DIRECTOR, UPPER COLORADO RIVER COMMISSION

The Upper Colorado River Commission is an interstate administrative agency created by the Upper Colorado River Basin Compact of 1948. The Commission represents the States of Colorado, New Mexico, Utah, and Wyoming in matters pertaining to the development, utilization, and conservation of water resources of the Upper Colorado River Basin.

Mr. Chairman, our Commission appreciates the opportunity to support the appropriation of funds to continue the construction of the Navajo Indian Irrigation Project during fiscal year 1986.

The Navajo Indian Irrigation Project is in Rio Arriba and San Juan counties in northwestern New Mexico. It will provide for the irrigation of 110,630 acres of land. A higher standard of living will be possible for more than 33,000 Navajo Indians.

This project is about 44 percent completed in terms of cost. The delay in appropriating funds for the completion of the Navajo Indian Irrigation Project defers realization of the full benefits of the funds already expended on this project.

The Governor of New Mexico, in his statement requesting an appropriation for this project, has fully outlined the need and background basis for the continued development of the Navajo Indian Irrigation Project. The Upper Colorado River Commission requests the release by the Office of Management and Budget of the remainder of the $9.0 million appropriated to the Bureau of Indian Affairs for the Navajo Indian Irrigation Project in fiscal year 1985 and supports the request for $8.5 million in construction funds to be included in the fiscal year 1986 Bureau of Indian Affairs appropriations for the continued construction on Block 6. The Commission further supports the appropriation of $3.046 million which was included in the President's fiscal year 1986 Budget for the operation and maintenance of this project.

On behalf of the Upper Colorado River Commission, I wish to thank you for granting us the opportunity to express our support for the appropriation of funds for the continuing construction of this Navajo Indian participating irrigation project under the Colorado River Storage Project Act of 1956 and the Navajo Indian Irrigation and San Juan-Chama Projects Act of 1962, as amended.

STATEMENT OF THE CONCERNED INDIAN MOTHERS FOR EDUCATION OF THE OGLALA SIOUX TRIBE

INTRODUCTION:

The purpose of this document is to present the position of the Concerned Indian Mothers for Education (CIMFE), through the presentation of a supporting Oglala Sioux Tribal Resolution and a CIMFE Position Statement opposing the elimination of the Johnson O'Malley Program from the FY-86 Budget by the Bureau of Indian Affairs.

This document will also provide a critical analysis of the study conducted by the Development Associates, Arlington, Virginia, entitled, "A National Impact Evaluation of the Part A Program", which the Bureau of Indian Affairs is utilizing to justify the elimination of the Johnson O'Malley Program from the FY-86 Base Budget.

CRITICAL ANALYSIS:

Development Associates provided the following assessments in the conduct of their study of twenty-five states surveyed:

1.) Twelve states now have laws relating to Indian Education; (emphasis added).

2.) Sixteen states have formal policies on Indian Education; (emphasis added).

3.) Nine states have separately funded education program for Indians, including Alaska, California, Florida, Michigan, Minnesota, Montana, New York, Oklahoma, and Utah; (emphasis added).

The position statements of the Study and BIA, mention ORAL Survey techniques and unverified findings. The Oglala Sioux Tribe, being the second largest Indian Nation in the world, second only to the Navajo Nation, is one of many Tribes in the country to be adversely affected by the elimination of the Johnson O'Malley Program. We, of CIMFE, offer our review and analysis of the findings of the Development Associates.

Of the $28 million proposed to be eliminated from the FY-86 Base, approximately $500,000 is the amount to be lost by the students and children of the Oglala Sioux. The alternative offered by the Development Associates infer that the aforementioned state resources would guarantee the same level of services and funding as previously provided directly by the Bureau of Indian Affairs under P.L. 93-638 Contract.

1.) Of the twelve states deemed to have State Laws relating to Indian Education, CIMFE is not assured that the State of South Dakota will provide the Oglala Sioux Tribe the same level of funds or services previously provided by the Bureau of Indian Affairs P.L. 93-638 Contract.

2.) Of the sixteen states deemed to have formal policies on Indian Education, CIMFE is not assured that the State of South Dakota will provide the Oglala Sioux Tribe the same level of funds or services previously provided by the Bureau of Indian Affairs P.L. 93-638 Contract.

3.) Of the fourteen states deemed to have separate units within their State Education Departments dealing with Indian Education, CIMFE is not assured that the quality of local Indian-Control and Parental Participation that existed in the Johnson O'Malley Program will exist in the State Department(s) of South Dakota.

4.) Of the nine states deemed to have separately funded education program for Indians, including Alaska, California, Florida, Michigan, Minnesota, Montana, New York, Oklahoma, and Utah, CIMFE is aware that the State of South Dakota is definitely opposed to formally establishing any educational program for the Oglala Sioux Tribe, much less any of the nine Tribes in South Dakota.

In recognition of the direction of the Bureau of Indian Affair's federal shift of responsibility to the State of South Dakota, CIMFE and the Oglala Sioux Tribe, have made several attempts to establish meetings with the Governor to initiate "Plans of Action", these attempts to meet have been fruitless.

The Bureau of Indian Affairs, in abolishing the total funds for the Johnson O'Malley Program, is in contempt of P.L. 93-638, Part 271.3 Revision or Amendment of Regulations. The Bureau of Indian Affairs has manipulated the revision of P.L. 93-638 by not funding the Johnson O'Malley Program.

The Bureau of Indian Affairs may argue that no such technical revision has taken place, however, what good is an Act without appropriations. For the Bureau of Indian Affairs to abolish funding for this program, authorized by an Act of Congress, adversely affects the Act's goals of self-determination. This, _is_ a standard revision, however manipulatively it may have been done. The Bureau of Indian Affairs is in direct violation of (a.) not consulting with the Tribes, and (b.) not approaching the Interior and Insular Affairs Committee regarding this proposed elimination. P.L. 93-638 Part 273.3 provides:

> In order to make any substantive revisions or amendments to the regulations in this part, the Secretary shall take the following actions:
>
> (a) Consult with Indian Tribes and National and Regional Indian Organizations to the extent practicable about the need for revision or amendment and consider their views in preparing the proposed revision or amendment.
>
> (b) Present the proposed revision or amendment to the Committees on Interior or Insular Affairs of the United States Senate and House of Representatives.
>
> (c) Publish the proposed revisions or amendments in the FEDERAL REGISTER as proposed

rule-making to provide adequate notice to, and receive comments from all interested parties.

(d) After consideration of all comments received, publish the regulations in the FEDERAL REGISTER in final form not less than 30 days before the date they are made effecitve.

(e) Annually consult with Indian Tribes and National and Regional Indian Organizations about the need for revision or amendment, and consider their views in preparing the revision or amendment.

(f) Nothing in this section shall preclude Indian Tribes or National or Regional Indian Organizations from initiating request for revisions or amendments subject to paragraphs (a), (b), (c), and (d) of this section.

The following is an excerpt from Page 55 of the Bureau of Indian Affair's recommendation to eliminate the Johnson O'Malley Program:

"In reaching its decision to discontinue the Johnson O'Malley Program, the Bureau also considered the findings of several audits of the General Accounting Office and the Interior Inspector General, which concluded that Johnson O'Malley funds were being used for basic public school activities and other purposes not related to the unique needs of Indian students. As one audit report stated: "We could not satisfy ourselves that many of the Johnson O'Malley expenditures met the definition of supplemental programs that meet specialized and unique needs".

Examples of questionable Johnson O'Malley expenditures as highlighted by the Inspector General, and accepted by the Bureau of Indian Affairs, are:

1.) Extra-curricular Activities, such as recreational programs and athletics:

CIMFE's RESPONSE:

The recreation activities were specifically proposed and specifically approved by the Bureau of Indian Affairs in the subject contracts that were awarded to the Oglala Sioux Tribe.

As approved by the Bureau of Indian Affairs, our concept of recreation entailed the following:

RECREATION allows our children the opportunity to engage and participate in join activities on and off the reservation. We have no facilities on our reservation to occupy and accommodate the youthful need to grow, develop, and learn. The following minimum facilities are conspicuously absent on the Pine Ridge Indian Reservation:

Museums, Civic Centers, Boys and Girls Clubs, Public Parks, Zoos, Basketball Courts, Skating Rinks, Swimming Pools, Bicycle Tracts, Movie Theatres, Concerts of any kind, Carnivals, Circuses, even Miniature Golf Courses.

We, in CIMFE, feel the Johnson O'Malley Program has utilized creativity and innovation in implementing the PRINCIPLES OF RECREATION which carries with them, Social Integration and Interaction. Yet, the Office of the Inspector General (OIG) has continually criticized the degree and extent to which extracurricular recreation activities were being conducted. The very concept of Education regarding Social Interaction and Social Integration which the Bureau of Indian Affairs has instilled in its programs, is also in the content of the Johnson O'Malley Program. Why has the Bureau of Indian Affairs not defended its very own original program when it came under the scrutiny of the Office of the Inspector General?

When considering the Bureau of Indian Affair's acceptance of the scrutiny and criticism imposed by the Office of the Inspector General, only two alternatives come to mind:

1.) Either the Bureau of Indian Affairs has requested the Inspector General to provide a NEGATIVE review continuously over a period of time to substantiate the elimination of the Johnson O'Malley Program; or

2.) Perhaps the Bureau of Indian Affairs is attempting to de-emphasize its role in meeting the needs of students now being serviced by the Johnson O'Malley Program, thereby advocating the isolation and confinement of this disadvantaged group of United States citizens.

PROGRAM ANALYSIS:

Since the inception of the Johnson O'Malley Program fifty (50) years ago (1934), no other regular recurring banded or non-banded program in the Bureau of Indian Affairs, has stimulated, established, advocated or continually enhanced parental participation and active parental in-put in Program Planning, Evaluation and Administration.

The Bureau of Indian Affairs has always maintained an "Arms-Length" relationship in the administration of the Johnson O'Malley Program by the Oglala Sioux Tribe. The Bureau of Indian Affairs, throughout the existence of the Johnson O'Malley Program, has never fully participated in the process of planning Educational Goals and Objectives, nor in the development and identification of student needs and objectives, nor in the Parental Participation process. We, the mothers, take pride in having been instrumental in the developmental progress the Johnson O'Malley Program has experienced since the Oglala Sioux Tribe has been administering the Program.

The following are two significant specific achievements obtained by the Oglala Sioux Johnson O'Malley Program:

1.) • The initial Johnson O'Malley Contract award to the Oglala Sioux Tribe was extremely limited in program coverage as influenced by the solicitation of the first request for proposals (RFP's) as initiated by the Bureau of Indian Affairs in 1976. Since its initial coverage eight (8) grade schools, two (2) high schools and nine (9) Headstart Centers, in two counties. The Oglala Sioux Tribe has extended its services to thirty-one (31) grade schools and six (6) high schools in six

(6) counties. With an initial student count of 1,100, the Oglala Sioux Tribe has expanded the program and now services 3,800 students. Not only has this offset the indifference and reluctance of the surrounding school districts to provide Chapter I and Title IV services, but it also illustrates the strengths of the Self-Determination Concepts and Principles. The concept of initiating active Parental Participation in previously neglected Indian communities in Urban School Districts was an objective of the Oglala Sioux Tribe, as well as to encourage the identification of student needs in the State Educational System where previously limited parental in-put had existed.

2.) The inital design of Headstart, one of the participating components of Johnson O'Malley, isolated in early childhood education, was to require eligible three (3) to five (5) year old students to come to Headstart Centers for academic training. The average Headstart enrollment for a particular program year was 350 students. In a survey conducted by the Johnson O'Malley Staff and Personnel, there was an additional 900 eligible students who could not attend the Headstart Center because of lack of transportation, funding and facilities, and worse yet, by the regulatory limitations of the Headstart Program. The Johnson O'Malley Staff and Parents asked the question, "Instead of bring the student from the home to the institution, why not bring the institution to the home?" Through innovation and creativity, while still restricted to the allocation of $119 per student, they developed the successful and unique program known as the Oglala Sioux HomeStart.

"Indians are not very competitive." This is the assertion of many people who are removed and dislocated from an awareness of the Oglala Sioux. Our famed Oglala Sioux Olympic Gold Medalist, Billy Mills, once responded to this assertion, "One needs only to live one day in the life of an Oglala Sioux to learn the high degree of competitiveness the Oglala Sioux carries with him each day".

Hence, the Oglala Sioux integrate a very appropriate and real interpretation of the term Recreation and Competition, as a daily concept. Competition is the underlying virtue which dictates the degree(s) and level(s) of success an individual will enjoy and experience throughout life. We, the Oglala Sioux, have always known that the American ETHIC of promoting and encouraging LAISSEZ-FAIRE and the degree to which it is pursued, is based on the level and degree of the COMPETITIVE SPIRIT of the individual.

Our own President Ronald Reagan, at the 1984 Olympics, himself asserted that COMPETITION inspires the ability "To Grow With Our Dreams". Success in business, opportunities in employment; athletic excellence; and the drive to maximize individualism to its fulfillment, all stems from a firm individual concept of the positive interpretation of COMPETITION.

We, the Oglala Sioux, have utilized the Johnson O'Malley Program AS ONE RESOURCE with which to reinforce, encourage, and promote the underlying CONCEPTS of this long standing American Dream of Competition in our daily lives. The Johnson O'Malley Program has reinforced the precepts of the Oglala Sioux Tribe for the last fifty (50) years.

CONCLUSION AND RECOMMENDATION:

The Oglala Sioux Tribe is and has been since time immemorial, a Proud Sioux Nation in the North American Continent and today resides within the present territorial limits of the United States. As a Sovereign Nation and Government, with the authority to engage with other nations as well as the United States, we retain a unique and special relationship with the Bureau of Indian Affairs and the United States Government. This relationship is based on a history of INTENDED HONORABLE agreements. The uniqueness was acknowledged over one hundred years ago by the United States Supreme Court when it described the relationship between the United States and Indian Tribes as being "so unique that nothing like it exists anywhere else in the world". That description is still accurate today.

Throughout history and the enormous changes which have occurred since Indian Nations and European colonies first signed treaties of peace and friendship, certain constants have remained. One of these constants is the continued existence of the United States Indian "trust relationship". This unique legal and political association has sometimes been called a "guardian-ward relationship", or "Trusteeship", they all mean the same in that the United States' obligations to Indian people flow from this special relationship. Every "special" relationship in the American system is determined by the Federal Government and people concerned. Together they decide what laws are appropriate. The states cannot interfere in these special relationships except through the representatives they elect in the Federal Government. This is especially true in the case of the Federal-Indian relationship.

Early in the history of the United States, it was clear that individual citizens and individual states could not deal with Indian Tribes without the involvement of a central authority. All too often, misguided individuals would make illegal agreements with an Indian Nation, would fail to live up to the terms and would ultimately cause conflict from which innocent people suffered. Frequently, competing states tried to negotiate treaties with the same Tribe. The resulting confusion created unmanageable situations and caused animosity and misunderstanding. This is why the "founding fathers" made sure that the National Government - not the States - was given the power to deal with the Indian Nations.

In relating to Indian Governments, the National Government took the lead from the beginning. First, Article IX of the Articles of Confederation made the provision that "The United States in Congress" assembled shall also have the sole exclusive right and power of "..regulating the trade and managing all affairs with the Indians.." Then the drafters of the Constitution included similar terms when they provided in Article I, Section 8, Clause 3: "The Congress shall have power...to regulate commerce with foreign nations, among the several states, and with the Indian Tribes..."

The relationship between Indian Nations and the United States Government is unique in many respects. First, Indians are the only special political group specifically identified in the Constitution. Those unfamiliar with Indian Affairs mistake this distinction as one of a racial nature rather than of a political nature, however, the latter is the case. Indian Governments are distinct political entities existing within the boundaries of this country. Their members may be citizens of an Indian Nation and of the United States.

Although the highest court of the United States, the Supreme Court, declared that Indian Nations "...had always been considered as distinct, independent political communities, retaining their original natural rights", recognition of that political status of Indian Governments has received varying emphasis at different times in United States history".

We believe that the United States Indian trust relationships have great and invaluable significance in providing a CHECK on Federal and State actions which endanger Indian rights and opportunities. It carries with it critical political importance in that it signifies the honesty and good faith which is SUPPOSED to be the hallmark of United States behavior towards Indians.

TODAY, we the Indian Mothers of the Oglala Sioux Nation, are CONCERNED that we have come to a point in time when we must remind the Bureau of Indian Affairs and the United States Government of these prior honorable and binding commitments. We are concerned that because of the apparent indifferences, ignorance and the blatant disregard for cooperation and consultation with Indian Tribes by the Bureau of Indian Affairs, there continues to be certain actions by the Bureau which are definitely DETRIMENTAL to the process of Self-Government and Self-Determination.

We therefore recommend the following:

I. That the Congress of the United States reject the proposed elimination of the Johnson O'Malley Program.

II. That the Congress ensure that the Bureau of Indian Affairs follow the established process of TRIBAL CONSULTATION before the ELIMINATION OF TRIBAL-RELATED Functions and Services (especially those authorized by Congressional Legislation).

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RESOLUTION NO. 85-49

RESOLUTION OF OGLALA SIOUX TRIBAL COUNCIL
OF THE OGLALA SIOUX TRIBE
(An Unincorporated Tribe)

RESOLUTION OF THE TRIBAL COUNCIL OF THE OGLALA SIOUX TRIBE ADVOCATING THE SOUTH DAKOTA CONGRESSIONAL REPRESENTATIVES TO OPPOSE THE ELIMINATION OF THE JOHNSON O'MALLEY PROGRAM AND URGE REINSTATEMENT IN TO THE FY-1986 BUDGET.

WHEREAS, the Constitution and By-laws of the Oglala Sioux Tribe mandates the governing body to protect the health, education and welfare of the members of the Oglala Sioux Tribe, and

WHEREAS, the most valuable resource of the Oglala Sioux Tribe is our youth, and

WHEREAS, it is only with an educated people that the Oglala Sioux Tribe shall be able to break the chains of poverty and a welfare existence, and

WHEREAS, it is only through the supplemental assistance provided by the Johnson O'Malley Program that the students of the Oglala Sioux Tribe shall obtain a well rounded education, and

WHEREAS, the Johnson O'Malley Program has proven to be of invaluable assistance in up-grading the educational level of all students serviced by this program, and

WHEREAS, it has been brought to the attention of the Oglala Sioux Tribe that the Reagan Administration has proposed the elimination of the Johnson O'Malley Program for FY-86, now

THEREFORE BE IT RESOLVED, that the Oglala Sioux Tribe and Tribal Council oppose the proposed elimination of the Johnson O'Malley Program from President Reagan's FY-86 Budget, and

BE IT FURTHER RESOLVED, that the Oglala Sioux Tribe and Tribal Council request that the South Dakota Representatives oppose the Budget cut and advocate reinstatement of the Johnson O'Malley Program back into the FY-1986 Budget.

C-E-R-T-I-F-I-C-A-T-I-O-N

I, as undersigned, Secretary of the Oglala Sioux Tribal Council, hereby certify that this resolution was adopted by the vote of: 23 for: 0 against: and 0 not voting, during a Special Session held on the 27th day of February, 1985

Eileen H. Iron Cloud
EILEEN H. IRON CLOUD
SECRETARY
OGLALA SIOUX TRIBE

A-T-T-E-S-T

John W. Steele OST-VP
NEWTON CUMMINGS
PRESIDENT
OGLALA SIOUX TRIBE

RECEIVED
MAR 01 1985
PINE RIDGE, SOUTH DAKOTA

STATEMENT OF HARRIS ATKINSON, MAYOR, METLAKATLA INDIAN COMMUNITY

Mr. Chairman, my name is Harris Atkinson. I am the Mayor of the Metlakatla Indian Community, an Indian tribe organized under federal law which occupies the Annette Islands Indian Reservation in Alaska. I appreciate the opportunity to present the views of our Community on the budget for the Bureau of Indian Affairs and the Indian Health Service and the Indian programs of the Department of Education proposed by the Administration.

First, I should say that Metlakatla appreciates the continued willingness of the Congress to provide funds for important programs which the Administration has slated for elimination. Metlakatla strongly opposes the abolition of the Johnson O'Malley program for Indian children in public schools and the community health representative program of the Indian Health Service. These two programs address important education and health needs of Indian people and directly benefit us at Metlakatla. The Johnson O'Malley (JOM) program is the principal form of educational assistance which our people receive from the Bureau, since we have no BIA school. The program provides critical financial assistance for our Native culture, arts and language program at our Metlakatla public school. We are proud of our Tsimshian Indian heritage, and the school has developed an excellent program to encourage awareness of our Indian past among our young people. Both the State of Alaska and the U.S. Department of Education have assisted with that program, but the disappearance of support from the Johnson O'Malley program would severely curtail its effectiveness.

We are disappointed to see the Administration's de-emphasis on preventive health programs continued by another assault on the highly successful community health representatives. This is extremely shortsighted. Ending the preventive health and health education efforts of the CHR's will lead to higher health care costs in future years.

In addition we urge that Congress provide funding to enable 638 contractor employees salaries to keep pace with federal salaries in accordance with section 106(h) of Public Law 93-638 since it appears unlikely that the proposed reduction in federal salary levels will be approved.

We again support an increase in the Bureau law enforcement program to implement the Congressional intent to bring Indian reservation law enforcement to the level recommended by Bureau studies in recent years. However, the Community is distressed that the substantial increase in BIA law and order funds in F.Y. 1985 resulted in an increase of only $30,000 for Metlakatla against $175,680 needed to bring the Community's program into compliance with BIA standards.

We understand from the Bureau that it has reviewed our law enforcement needs carefully and agrees that we need a $175,000 increase above our 1984 base level of $179,000 in order to carry out our program adequately.

Local Bureau-assisted law enforcement is critical to us at Metlakatla since we are on an island and State assistance may well not be available on short notice or in weather conditions which interfere with travel by air or water. We are putting a heavy emphasis on upgrading our law enforcement program to assure respect for our sovereign governmental rights, good relations with neighboring communities and a good environment for our children to grow up in.

We also wish to call to your attention our continuing concern as to the inadequacy of the funding provided by both the Bureau of Indian Affairs and the Indian Health Service to pay tribal administrative costs for contracts under the Indian Self-Determination Act.

The Bureau's new method of limiting indirect costs on 638 contracts to the funding level provided in F.Y. 1984 discourages self-determination and is arbitrary in that (1) 1984 costs bear no relation to the needs in future years and (2) after promising tribes that they would receive 100% of their 1984 indirect cost needs for future years, the Bureau now is providing only 93% of that amount, a repudiation of a specific commitment on this matter by former Assistant Secretary Smith.

We welcome and support the Indian Health Service request for $5,000,000 to pay 638 indirect costs but we understand that there is considerable doubt as to whether this sum will enable IHS to meet these needs, which it has ignored for the past two years. After an intensive study of P.L. 93-638 and IHS policies and procedures, our attorneys, Hobbs, Straus, Dean & Wilder, recently advised us that it would be imprudent to contract IHS health programs at Metlakatla because the present IHS policy is to require all contractor administrative costs to be paid from the IHS program being contracted, thus requiring a reduction in service levels. We urge that your Committee review this issue carefully with IHS and assure that sufficient funding is earmarked for 638 administrative costs so that Indian tribes will be encouraged to assume the operation of federal health services, rather than being discouraged from doing so as present IHS policy does.

We also oppose the reduction in the Bureau's housing improvement construction program. Housing repair for low income people remains a critical need at Metlakatla for which we rely heavily on the Bureau.

We are further compelled to draw your attention to the Bureau's failure to adhere fully to the understandings reached at the time the Annette Island Reservation was transferred from the Juneau Area Office to the Portland Area Office in 1982. This relates to the amount of $45,700 for the annual fisheries planning activity which is essential to the Community's exercise of its federally protected fishing rights in reservation waters. The Bureau has provided this amount in F.Y. 1983, F.Y. 1984 and in F.Y. 1985 and Bureau officials have agreed that these funds were committed for transfer from Juneau in 1982, and should be part of the reservation funding base. However, as noted in the enclosed letter from the Portland Area Director, despite repeated requests by Metlakatla, these funds are still not included in the base. We request your assistance in obtaining this relatively minor adjustment in the Bureau's books. Once these funds are in the base, it should no longer be necessary for us to pay our attorneys to remind the Bureau each year of the commitment made in 1982.

We do wish to express our support for the Administration's request to continue funding under Wildlife and Parks for operation and planning activities associated with the Tamgas CreekFish Hatchery, a federal fish hatchery located on tribal land and operated by the Community under P.L. 93-638. The Hatchery is making a significant contribution to the revival of the fisheries on the Pacific Coast and its benefits are felt far beyond our bounadries by Indian and non-Indian alike.

We note that budget reductions are proposed in the Indian Health Service for hospitals and clinics, dental, mental health, alcoholism, and that the minor increase in contract care does not keep pace with the ten percent cost increase anticipated by IHS. We noted above that we have been advised not to contract the IHS program on our reservation because of the curtailment in services to finance the costs of contract administration. In addition, we are reluctant to contract a program which -- according to IHS, itself -- is nearly $500,000 short of the funding level necessary for a "rock bottom operating budget." The recent Hobbs, Straus, feasibility study for IHS contracting summarizes the history of the underfunding of our Annette service unit, points out that a need for $1,046,000 was agreed to by IHS after careful study, and that the program remains $484,446 short of that minimum need.

We have been advised by IHS that the "difference between the total funding needs as expressed earlier [by the IHS service unit director] and the recurring AISU budget will not significantly narrow in F.Y. 1985." Apparently, no progress can be expected in F.Y. 1986, either, unless the Congress approves funding beyond the budget request. We respectfully request that the Congress direct the Indian Health Service to increase the AISU budget in F.Y. 1986 at least by the $484,446 to bring its budget up to the amount identified as essential on September 22, 1982.

As we have already noted, our public school at Metlakatla benefits from the Indian education program of the Department of Education. We fully support continued funding for this important program as requested by the Administration in Fiscal Year 1986.

Thank you for the opportunity to present these views.

STATEMENT OF RAYMOND MORGAN, PRESIDENT, NAVAJO AREA SCHOOL BOARD ASSOCIATION

On behalf of the 55 BIA school boards which actively participate in the programs of the Navajo Area School Board Association, I want to thank you for the opportunity of expressing our views on the FY '86 BIA education budget request. I am attaching our comprehensive position paper on BIA education which provides a more detailed discussion of NASBA's concerns. In our position paper you will find a discussion of the major aspects of Title V of P.L. 98-511 which currently has a moratorium on the expenditure of any funds for implementation.

1. **Lift Moratorium on Title V of P.L. 98-511**. The first point we wish to make is our desire to have this moratorium removed. The Indian Education Amendments of '84 contain many provisions which we believe are highly beneficial to the education programs operating in Navajo BIA schools. Our position paper addresses numerous provisions of these Amendments in some detail.

2. **Handling of School Board Expenses**. The Bureau has estimated FY '85 school board expenses, slashed this amount by one-third, added to the scope of what this is to pay for, and then established the amount as a maximum. It seems to be part of the American Dream to buy more for less but it rarely works and will certainly not work in this instance.

Discussion. In years past school board expenses have been handled at the local level and were funded from ISEP, the school funding formula. School boards utilized school operating budgets to fund their activities. The average school board expenditure on Navajo for meeting costs in FY '84 was $2,750. In addition, on Navajo, we initiated a group Legal Services Program with an average cost of $2,500 per school board. Legal costs are based on ability to pay and services are guaranteed to all participating boards irrespective of the amount they can contribute.

By comparison, public school boards in the State of New Mexico which serve the Reservation had average expenses of $7,311 in FY '84, almost 300% higher than NASBA boards. The congressionally mandated functions of BIA school boards in the area of budget, personnel and policy makes relevant this comparison with state public school boards. These figures for public schools, moreover, do not include legal services. BIA school boards utilize substantially less money for their activities than comparable school boards in the state system.

In the FY '86 budget a major change is proposed. School Board expenses would be treated as a separate line item in the school budget and maximum amounts would be established which each school board can utilize for its meetings, agency school board meetings, association dues, and legal fees. The amounts available for each board are based on enrollment level ranging from $3,300 for smaller schools to $7,800 for larger schools. Recommendations:

> 1) While supporting the idea of a separate line item for school board expenses, we strongly object to establishing this reduced allocation as a "maximum" amount since some schools will at times have indisputably valid additional needs. See position paper, p. 9. A requirement that BIA school boards limit their expenditures to these minimal sums is a clear message to them that their full participation in school programs is not desired. Any suggestion that the absence of a maximum invites abuse is refuted by the statutory authority of BIA officials to overturn decisions of the school board concerning the school budget. 25 U.S.C. 2009(b).

2) Agency school board meetings are agency administrative costs and should be paid for by the agency education budget as they always have been on Navajo. To charge agency administrative expenditures to the local school budgets is inappropriate, creates a burden on the local school budget and renders the amount suggested in the '86 budget totally inadequate.

3) The distribution of funds as proposed assumes that there is a dramatic difference in school board expenses based on school size. Though there is some additional expense due to increased activities for a large school, a 5-member board of a large school will have expenses that are roughly comparable to a 5-member board of a small school. With the figures the Bureau has proposed, it is assumed that a large on-Reservation boarding school board will need $4,500 more per board than a small on-Reservation school board. The cost differential is nowhere near this dramatic. We suggest an allocation to small school boards of $4,500 per board, to medium sized school boards of $5,000 per board and to large boarding schools of $5,500 per board. These adjustments would be sufficient to cover routine meetings and expenses. Where school boards undertake special projects and activities or in unusual cases such as at Chuska-Tohatchi on Navajo where two schools have a consolidated 10-member school board, the amounts would be inadequate.

We see no reason to take away the basic flexibility of school boards in this area of the school budget. We are not aware of any abuse on the part of BIA school boards, and in fact we operate our contract to handle these funds for school boards with accountability and prevention of abuse very much in mind. Using our suggested figures would increase the amount spent on Navajo for school boards by only $30,000. Since Navajo represents over a third of the entire Bureau system, the total increase in the line item would therefore be less than $90,000. We believe that this $90,000 is the difference between a minimally adequate program and a very inadequate program.

3. **Restore Training Funds to Local School Boards**. This school year local BIA school boards will receive no training from the funds Congress appropriated for this purpose because of administrative and procurement problems faced by BIA. The concept of centralized training administered by BIA does not insure greater "economy" or "efficiency," notwithstanding BIA's assertion to the contrary at page 44 of its budget justification. A better approach is to restore training funds to local school boards so that they can purchase the technical assistance they need.

As P.L. 95-561 was initially implemented, a school board training fund was established which was to be distributed equally among all BIA-funded school boards. Each board initially received $5,000 and it was intended that this amount would be adjusted upwards annually. The budgets proposed by the Administration in subsequent years have sought to decrease this amount and even zero it out entirely. We believe this would have removed the cornerstone of the statutory policy of Indian control in all matters relating to BIA education.

Those regions of the country where there has been appropriate and continuous school board training available are much farther along in implementing the new authority under the law than in areas where training efforts have been poorly organized and planned. One of the beauties of allocating funds to local school boards was that it made use of a market place concept for training services. School boards which were not satisfied with the training they received one year could elect to receive their services from another source the next.

In FY '84 a decision was made based on very scanty evidence to centralize school board training funds. In addition to removing the benefits of having school boards making decisions concerning their own training, this move also created an administrative nightmare with regard to federal procurement of services. On Navajo we had less trouble since we received authorization from the Navajo Tribe to contract for the Navajo portion of the school board training under P.L. 93-638. For the rest of the country it was not so simple. Contracts were let late in the year under the Buy Indian Act with sole source justifications.

In FY '85 funds were again centralized and available at the same level of funding. The administrative turmoil became even more severe since the '84 method of Sole Source Buy Indian contracts was apparently determined to be inappropriate. All non-Navajo portions of the training program as well as the nationwide sessions are, therefore, being advertised under competitive bids with the result that no training will be available to non-Navajo BIA school board members during the 1984-85 school year. There is simply not enough time remaining.

We urge the Appropriations Committee to restore this program to local school budgets at the original funding level. BIA has demonstrated that it is incapable of obtaining these essential training services in a timely manner.

4. **Conclusion**. We wish to conclude this testimony on a positive note. The BIA education budget for FY '86 is well prepared and (with the conspicuous exception of school board expenses) well justified. We also want to address the important question of whether or not the statutory policy of Indian control in BIA education is in fact being implemented and, if so, whether it is making any difference? The very negative past studies of Indian education are still in the minds of many people.

In our opinion, the basic policy of Congress is being implemented at many locations and is successful where honest efforts are being made. One of the most important factors is a commitment by BIA officials at the local and agency level to the policy of Indian control. Results are to be found in the motivation of students, in a recognition that school is not such an alien place, and a realization that parents and community members support achievement in academic areas. On Navajo, school boards are in the forefront of this kind of movement.

The importance of education is being communicated to the students and is also influencing the tribal government itself. The current Navajo tribal chairman ran on a campaign philosophy that education would be the number one priority.

Test scores among our students in BIA schools are demonstrating increased motivation among the students. The gap between Navajo students and the non-Indian students in public schools is narrowing. Attendance is more consistent. The Tribe after many years is finally moving toward enforcement of compulsory school attendance laws and is developing a substantial interest in what is taught in schools. It would be a mistake not to recognize the considerable role of local school boards in sparking these changes.

We believe we are on the right track, though there is still a long way to go. We are pressing our effort to overcome BIA's flagrant disregard of express Congressional and regulatory mandates. See position paper pages 25 - 30. With the continuing support of the congressional committees, we believe progress will continue to be made.

STATEMENT OF THE YAKIMA INDIAN NATION

The Yakima Indian Nation is a Federally-recognized Confederation of fourteen tribes and bands located on 1.3 million acres of land in South Central Washington, State. Our reservation is situated partially in Yakima and Klickitat Counties. Our total resident population is approximately 25,000 however, our tribal enrollment is just over 7,000. Uniquely, the federal budget has a dual effect on our reservation.

We have prepared a more detailed statement for your consideration that we would like to submit within 14 days for the record. I would like to quickly summarize that document for you beginning with the our comments regarding the Indian Health Service.

INDIAN HEALTH SERVICE:

The President's proposed IHS budget for FY 1986 contains over 96 million dollars in cutbacks over his FY 1985 budget. These proposed cutbacks will have a serious negative effect on the health of our tribal community. We are opposed to these cutbacks and are adding our support to the respective National Indian Organizations position on the overall IHS Budget.

New Health Care Facility and IHS General Budget Pursuant to the congressional directive the department has compiled a rated priority list for renovation and new construction, of which the Yakima clinic is rated number one in the entire United States for replacement of outpatient facilities. One of the main reasons for this high ranking is that our facility is one of the busiest IHS facilities in the country. The justification and verification of the needs for this facility has been previously submitted to this Committee in the form of a current Program Information Document (P.I.D.) which was prepared by the Indian Health Service.

The existing facility was constructed many years ago and designed to accomodate 10,000 out-patient visits annually. Our out-patient visits have increased from 19,156 in 1970 to 43,791 in 1984. Clearly we have outgrown the capacity of our clinical facility space. The inadequacy of this facility has a negative impact on the quality of health care that we are able to provide and restricts the diversity of services we can provide our people. Our inability to diversify, literally forces us to rely more heavily on contract health services (CHS) which ultimately results in higher expenditures by the federal government (average visit of $45.50) than would be necessary were we able to provide this care in house (average visit of $25.64).

We respectfully request that this Committee include funds in the FY '86 IHS Budget for engineering and design of our facility. This request is also being recommended by both the House Interior and Insular Affairs Committee and the Senate Select Committee on Indian Affairs in their reports to the respective Budget Committees. The figure used by the Select Committee on Indian Affairs was attained from IHS and is $688,000.

We would greatly appreciate this Committee's support for these design funds which are one the major priorities for the Yakima Indian Nation.

As I stated previously, we lend our strong support to those programs highlighted in testimony by the national and regional Indian organizations and want to particularly express our concern over proposed elimination of funds for Community Health Representatives (CHR), Urban Health, and Tribal Management.

BUREAU OF INDIAN AFFAIRS

The President's proposed BIA budget for FY 1986 is 66.3 million less than it was for FY 1985. The Bureau of Indian Affairs is the "lead agency" in the U.S. Government's dealings with the Indian nations and plays a major role in administering the trust relationship.

1. Education: The total elimination of the Johnson O'Malley program from the BIA Budget immediately results in a budget cut of $25.6 million. On the Yakima Indian Reservation, 1,498 Indian children in grades K-12 will be immediately affected. These Indian children are enrolled in six public school districts and benefit from supplemental educational services such as tutors and teacher aids which are otherwise not available to them. The elimination of this program will simply ignore that cultural differences do exist and can be impediments to a health learning environment if not properly recognized and understood. JOM provides a mechanism for the parents to participate in their children's education as well as promotes a cooperative venture with the school district personnel.

Higher Education has become increasingly important to the development of our people. We are concerned that budget cuts and program restrictions will increase the burden of getting a college education on the students and their families. Our students enrolled in higher education are struggling to meet the student and parental contributions required by the respective institutions. In our area the student has increased 71% from 1983 to 1986. I urge you to not put higher education out of reach for our Indian college students through restructuring financial aid programs without taking into account the "catch 22" situation into which students are being placed.

2. Housing: The President's proposed cuts in the BIA Housing Program will mean the elimination of the Yakima Agency Housing Staff. This staff provides invaluable technical assistance to the tribe on housing related matters. At this time, the staff also provided information directly to our tribal members. The elimination of this staff, combined with the two year moratorium on new construction and renovation baing implemented by the Department of Housing and Urban Development will have a serious negative impact on our reservation.

Our recent Housing survey shows an immediate need for 512 new units for our area will go unmet for two years. There are not other housing alternative available. I should be noted that the proposed moratorium also extends to the Comprehensive Improvement Act funding which is used to maintain and renovate existing Indian Public housing stock. Without these funds, we will be forced to defer repairs until alternative sources of funding can be found. Delays in performing regular repair and maintenance work generally result in increased costs from both deterioration and inflation. We urge the committee to restore 8.5 million to the BIA's budget for the HIP Program and to restore the HUD Budget for Indian Housing to its 1985 level.

3. Low Income Energy Assistance: The President's Budget projects a total of $338 million in budget savings over the next three years as a result of a program formula freeze. For the Yakima Nation, who is presently unable to fund a large number of eligible households, the freeze will continue to place a much greater financial burden upon our elderly and poor. We would urge that this program be funded at a level that will keep pace with the rising energy costs.

4. Law Enforcement: The Yakima Indian Nation's civil and criminal jurisdiction is shared with the local police departments in the immediate area. There departments are not responsive to the growth of the Yakima Nation. Recently, the Yakima Nation has concluded that it is in their own best interest to totally patrol and enforce the Yakima Revised Code in two large tracts of land heretofor patrolled and monitored by non-Indian police and game department. Consequently, the demand for patrol services is a burden on the existing departments who are presently understaffed to handle this additional responsibility. On the other hand, if we do not aggressively pursue our interests in this area (adjacent to the Closed Area) we will very likely find the application of Washington State law to be the accepted practice in that area. This is not desirable from a practical as well as an economic standpoint.

In addition, with an increase in the resident population, an increase in housing areas, an increase in traffic and with the migrant summer work soon to arrive, our Police Department already finds themselves seriously understaffed. It was our hope to look to the Bureau for additional financial support to meet this ever increasing need.

Needless to say, we find our facilities in need of maintenance, our vehicles wearing out faster, and having experiences a general "same level funding" criteria for the past few years, we find that our staff retention is a problem because we have not maintained salaries on a comparable basis with other departments in the area.

As indicated in the supplemental documentation that we will be providing we find ourselves in need of additional funding in the amount of approximately $536,000 which will provide our Police and Game Departments will sufficient funding to keep abreast of the need.

5. Fisheries Resource Management: The Yakima Indian Nation has treaty secured fishing rights in the mainstem Columbia River and it tributaries and Puget Sound. This right was affirmed in the 1974 Boldt Decision and upheld in several higher courts since that time.

The Yakima Indian Nation is one of the 14 tribal organizations listed as plaintiffs in the Boldt Decision. Of these Tribal entities the Yakimas have the highest tribal enrollment at 7,197 and the largest reservation at 1.4 million acres. Our reservation is seven times the size of the Quinault Reservation which is the largest of the other 13 tribes. We also have the largest inventory of standing saw timber of any reservation in the United States. This large land and timber base supports numerous streams and lakes with anadromous fish and large numbers of resident trout. Considerable effort is necessary in conducting biological assessments of proposed time sales, evaluating logging impacts and assessing the productivity of watersheds for enhancement efforts.

The Yakima Tribe has the responsibility of management for over 500 miles of rivers and streams in the Yakima and Klickitat Rivers and 140 miles on the mainstem Columbia River. A Federal Court case (U.S. vs. Oregon) which is continuing under the jurisdiction of the Federal District Court of Oregon had directed the tribes and states of Washington, Oregon and Idaho to develop Columbia River sub-basin management plans. the development and implementation of these plans is a major work load for the Yakima Tribe.

We have requested $701,000 from the BIA for FY 86 Fisheries Resources Management Program, but the BIA Budget only contains Yakima dollars in the amount of $264,000. This is substantially less than the average BIA funds appropriated to other tribal organizations in the Boldt case area and considerably less than the $1,101,000, $982,000 and $853,000 the Quinault, Lummi and Tulalip tribes receive, respectively. Our current funding level is similar to the Hoh Tribe who receives $224,000 annually but has an enrollment of only 72 with a reservation of 700 acres. In spite of our low funding level our enrollment is approximately equal, to all the other 13 Tribal organizations put together. We are in no way implying that the other tribes mentioned do not deserve their funding level. The comparison is used strictly as a means of showing our drastic underfunding. We have been pointing this out to the BIA for a few years but have not received anything resembling adequate funding.

6. Soil Survey Project: The Yakima Nation has completed approximately 60% of the total reservation in terms of defining the soil content of the land for effective management. The tribe currently has a PL 93-638 contract to define, classify and map the soils, however, funding is nearly exhausted and the contract nearing expiration. The project has been effectively managed and there is a need for additional funding to fully evaluate the vegetation, water, wildlife and other renewable natural resources from the soil and land base. The Yakima Nation needs approximately $545,000 per annum for the next three years to complete the survey.

7. Wildlife Resource Management: At the present time, there is a very little accurate information regarding the reservation wildlife distribution, abundance and species composition. An accurate assessment of existing conditions through baseline inventories and surveys is the necessary first step for a comprehensive wildlife management plan. The Yakima Nation presently lacks the funds to complete the survey.

In addition, the Yakima Nation has established the Satus Wildlife Recreational Unit, a unique ecological area of approximately 4,000 acres consisting of mixed bottomland hardwoods waterfowl habitat. Again, the Yakima Nation does not have the financial resources to effectively manage this area. We will provide more details in our supplemental submittal.

8. Water Rights: Last year in the House Committee report accompanying the FY'85 Interior Appropriations bill, concern was expressed over the apparent conflict of interest inherent in the Interior Department relative to its fiduciary trust responsibility toward Indian tribes and the fact that the Department has other constituencies (such as BuRec) whose interests are diverse and even inimical to the tribes. The Report expressed some very specific concerns relative to the adequacy of funds for tribes for water rights cases and appropriated funds for irrigation projects and for attorneys fees and litigation support.

We cannot state too strongly how much we share the concern expressed in the House report and we must state that it is our opinion that the BIA is frustrating the intent of Congress by utilizing these funds in a somewhat manipulative fashion. Last year the example of new soil studies being ordered over the tribes' objections was addressed and we feel that presently those tribes who are willing to utilize the companies that the BIA wants them to use are seeing funds for water and soil studies but other tribes who do not trust the companies that the BIA is enamored of are getting no assistance at all. The Interior Department wants to use Justice Department water studies that the tribes have rejected.

We would urge this committee to include report language directing the BIA to allow tribes to contract, through P.L. 93-638, with whichever reputable firms the tribes determine *they* want to use for soil and water studies and not only with the firms the Bureau wants the tribes to use.

At the Yakima Reservation, we are in a very unique situation with our water rights. Not only do we have the *Acquavella* case looming over our heads but we are quite concerned with how the ruling in what is known as the *Walton III* case is going to affect our water rights. Finally, we have the Yakima River Basin Water Enhancement Study (P.L. 96-162) nearing its final phase and we are being pressured to make decisions quickly as to what on-reservation water projects the tribe wants to see developed. We feel that the BIA Wapato Irrigation Project managers already have conflicts because of the large amount of non-Indians lands on and off our reservation that they irrigate and that those problems will be exacerbated by *Walton III*. We do not have an accurate assessment of the extent of the rights of Indians or non-Indians on and off our reservation nor do we have an acceptable basis for determining which on-reservation water projects we should support. While all this is in somewhat of a state of flux, the Washington State legislature is moving forward on the Yakima River Basin Water Enhancement Project and we are without the proper data to have meaningful participation.

We have a lot of faith in Mr. Phil Corke at the BIA and we have asked the Secretary to direct Mr. Corke to make his services available to the Yakima Indian Nation so that we may utilize his hydrological expertise in reacting to and participation in the extensive activity as described above. Any help you can give us on this matter would be appreciated.

I would like to ask that this Committee assist the Yakima Indian Nation in funding a specific watery study on our reservation. We asked Mr. Mike Watson, a respected water hydrologist, to submit a proposal to the Tribe for a study that we could use to participate in the above-described activities as well as use to determine the history of water use within the Wapato Irrigation Project. This study will further include a comprehensive water resources development plan and will allow for hydrologic monitoring. Mr. Watson has honored our request and I am attaching a copy of his proposal in a general brief form. I ask you to review it and hopefully include the necessary funds so that we can contract with him for it.

In closing, it is evident that the Yakima Nation has the same or similar geographic responsibilities as those of a state. The critical elements of resource management and planning are necessary. Providing essential public health and safety services, effective land management and control, and all of the facets of public administration are present -- and yet, the Indian tribes have yet to be considered as having this obligation.

Thank you for allowing us the opportunity to submit written testimony.

Statement of Melvin Martinez, Santa Clara Pueblo Day School

Mr. Chairman, I appreciate this opportunity to testify today on behalf of Santa Clara Pueblo tribal council and school board. With me is our Governor, Lawrence Singer, and Councilman Walter Dasheno. I am a member of the Santa Clara tribe, owner of a local architectural and planning firm in Santa Fe, New Mexico, and chairman of our school board. In accordance with Title XI of PL95-561 of 1978, Section 1130, Policy for Indian Control of Indian Education, the board is composed of five tribal members, including myself, Councilman Dasheno, and Santa Clara tribal Judge Bert Naranjo. Our school is a Kindergarten through grade 6 (K-6) school with a fall 1984 enrollment of 104 students. A recently done architectural space program projects a school facility need for 15 classrooms of 21,370 square feet for academic, administrative, and multi-purpose heated space for a projected enrollment of between 150-175 K-6 students. A brochure describes the architectural program as well as our education program and philosophy, and also depicts the inadequacy of the more than 50-year-old, dilapidated, temporary buildings that house our school children. I would like to enter this brochure for the record of this hearing at this time.

Santa Clara has a population of over 1,200 people, and is one of the larger of six Tewa Pueblos located in the area of the Espanola Valley in north-central New Mexico. As depicted on the maps at the front of our brochure, our Pueblo is located some twenty-five miles northwest of the capital city of Santa Fe, immediately adjacent to Espanola, a small, rural community characteristic of the Spanish-speaking villages of northern New Mexico. A smaller Pueblo, San Ildefonso, is also shown on the map, about ten miles from Santa Clara Pueblo. Our reservation of some 46,000 acres is the home of noted painters, sculptors, silversmiths and outstanding pottery makers. Our Pueblo is known for its highly polished red and black pottery that has gained international recognition. The arts of embroidery, weaving and leatherworking have also been passed down through many generations at Santa Clara. We also own and operate the picturesque Santa Clara Canyon and the Puye Cliff Ruins.

I am here today to oppose the Bureau of Indian Affairs' requested $19.0 million reduction in the Buildings & Utilities Construction Activity. I am requesting that your Subcommittee restore this funding for FY1986 by at least the $13.7 million figure the Bureau has proposed to eliminate from Education Construction. (Reference BIA-238, FY1986 Appropriation Justification.) Our Pueblo, and the All Indian Pueblo Council, believe that the replacement of inadequate school facilities on Indian reservations is a commitment that should not be postponed -- even for a one-year moratorium! In support of this request, I have with me, for the record of this hearing, a letter addressed to you from the AIPC Chairman stating that our $3.2 million request for school construction funding is the number one for such priority for AIPC in the 99th Congress.

Chairman Pena's letter also notes that the zero funding request FY1986 school construction is doubly unfortunate because the $37.5 million requested for the related FI&R program is below the ". . . deterioration rate of $39.0 million annually for these [BIA school] structures . . .". Our request for $3.2 million in school construction funding is based on the need to replace a facility no longer capable of adequately housing an enrollment now in excess of 100 students for which BIA has projected a potential enrollment of 140. (Reference Attachment A -- School Construction Application dated January 1985, page 14, number 7). This BIA document notes that our school originally was designed for 30 students and that ". . . of the possible 130 eligible students between ages 5 and 11, 100 go to Santa Clara Day School . . .". (Ibid. page 13).

There are several important exceptions to these BIA enrollment figures:

1. Our Fall 1984 enrollment is 104. This is documented by a letter from Santa Clara's school principal, to me, that is included in the brochure previously provided the Subcommittee;

2. The Bureau projection for enrollment of 140 reflects only the influx of our own students currently attending Espanola Public School. (See the letter from the Espanola Schools superintendent in the brochure Appendix. This letter also states that their school system cannot take any more Santa Clara students due to the ". . . present shortage of about forty classrooms to accommodate all the programs that are being offered . . .") Additionally, San Ildefonso is precluded from having a new school built by a small enrollment and the availability of other schools, like Santa Clara, nearby. Because of this there is interest in having San Ildefonso students -- current enrollment 35 K-6 students -- attend school at Santa Clara in the event of a new facility. (A letter from San Ildefonso Pueblo confirming this intention is also contained in the brochure Appendix.)

Therefore, lacking a nearby Bureau or public school with adequate facilities for our potential 150+ K-6 enrollment, Santa Clara questions the Bureau's rationale for not advancing our project forward, on its annual ranking list, since our project was ranked number sixteen for fiscal 1979. Since then, most of the other thirty schools on that list have repair or new construction funding obligated, while Santa Clara's more than 50-year-old, temporary buildings have not been replaced. (Reference the table entitled "FY1979 School Construction Priority Rankings" included in the brochure Appendix.)

Our tribal council and school board does not understand what criteria for new construction are not met by our present situation. For example, our students are "unhoused" according to the Bureau's January 1985 construction application for Santa Clara which states that ". . . the majority of the buildings are WPA-constructed classrooms and teacher's quarters. The design and space can no longer accommodate the present enrollment . . .", and there are no available seats in any other school -- BIA operated, Espanola Public Schools or tribal contract -- within a one hour's bus ride of home.

Additionally, the USPHS - Indian Health Service has again warned our school board of possible health calamity due to rodent and wasp infestation that carries the potential for outbreak of bubonic plague at our school. The health of our elementary school children is being jeopardized due to daily inhabitation of buildings subject to condemnation. (Reference the Indian Health Service letter dated March 1985 included in the brochure Appendix). The Bureau of Indian Affairs sent an Evaluation Team to look into our predicament, however, we have not heard back from them since that on-site visitation.

Beyond the lack of nearby adequate classroom space, the health predicament posed for us by Indian Health Service, and our perplexity over why our project has not advanced on the Bureau ranking list since FY1979, Santa Clara's current enrollment so far exceeds the design capacity of the antiquated buildings making almost impractical any consideration of the criterion that ". . . classroom utilization must be maintained at 70 percent of capacity before new or additional space is requested . . .". (Reference is made to the March 1980 document entitled, "Guidelines for Determining Educational Spaces for Bureau of Indian Affairs Schools," page 06 -- New School Facilities.)

In light of the adverse circumstances described above, I am additionally requesting that you ask administration officials scheduled to testify before your Subcommittee on April 16 concerning the FY1986 BIA Budget Request the following question ". . . where does Santa Clara Pueblo's request for school construction rank for FY1986? This project was previously ranked as number sixteen for FY1979 and since then enrollment pressures on space utilization and now health conditions warrant consideration of a replacement facility."

Therefore, we are hopeful that the $262,025 needed for advance design and construction specifications for our proposed school can be provided from existing BIA budget authority or by Congress including this amount in the FY1986 Interior Appropriations bill.

I appreciate the time you have given us today to present these recommendations and would be pleased to respond to any questions the Subcommittee might have at this time.

Thank you.

STATEMENT OF RAMUS SUINA, CHAIRMAN, FIVE SANDOVAL INDIAN PUEBLOS, INC.

Mr. Chairman, I appreciate the opportunity to testify today on behalf of Five Sandoval Indian Pueblos (FSIP). With me is Mr. Bernard Teba, Executive Director of our organization and Mr. Archie Chavez, our Board Secretary. My name is Ramus Suina. I am the Governing Board Chairman of the five member consortium of smaller Pueblos located along the Rio Grande River in central New Mexico. FSIP is comprised of the Pueblos of Cochiti, Jemez, Sandia, Santa Ana and Zia, all located in Sandoval County, New Mexico where sixty percent of the population is Indian.

Geographically, Sandia is located closest to the major hospital which is 24 miles away in Albuquerque, while Jemez is farthest away at approximately 45 miles from this same hospital. Cochiti, Sandia and Santa Ana have general medical clinic service approximately two-and-one-half hours per week, which is a total of ten hours a month of community medical care through Indian Health Service for each of these Pueblos. The Community Health Representative (CHR) program is very important to us because it provides ten hours a month of care for each of the 582 members of these three tribes. Pueblo people in Sandoval County are very dependent on the medical services being provided through Indian Health Service funding because the Department of Health & Human Services has designated the area as medically underserved.

I am testifying in opposition to the proposed elimination of funding for the $25.4 million Community Health Representative program. We also oppose the $10.7 million decrease in Hospital and Health Clinic Services and also the $8.2 million proposed reduction in Contract Health Care Services. We are in support of the IHS request for an addition of $5.0 million for administrative overhead costs of PL93-638 contracts for fiscal 1986. Additionally, Albuquerque area office contractors have been notified of a total fiscal 1985 shortfall of $614,949 in these overhead costs, of which Five Sandoval Indian Pueblos has an unmet indirect cost need of $48,214. (Reference Attachment A - Table, that lists the individual totals of unmet overhead costs for each of the sixteen contractors.) I am also requesting that this shortfall be made available to the contractors through inclusion of the funding in the fiscal 1985 Interior & Related Agencies Supplemental Appropriations bill.

IHS has correctly noted the importance of these overhead costs to success by Indian contractors in administering programs under PL93-638 by stating at IH-37 of the FY1986 Appropriation Justification that ". . . this increase is needed to fund the additional tribal administrative costs associated with the contracting of programs under PL93-638 for the implementation of self-determination . . ." Attachment A is a list of the shortfall in these costs for fiscal 1985 for each of the sixteen contractors in the Albuquerque area who, like FSIP, should not have to wait until fiscal 1986 to be paid these statutory costs authorized at Section 106(h) of the Indian Self-Determination Act of 1975. (Reference is made to Section 106(h) of PL93-638 where it states that, ". . . the amount of funds provided under . . . contracts . . . shall not be less than the Secretary would have otherwise provided for his direct operation of the program . . . for the period covered by the contract. . . .)

Since passage of PL93-638 some ten years ago, acknowledgment of the importance and payment of these overhead costs, incurred by tribal contractors, has seldom been sufficient to provide a fair test of Congressional intent in passage of the Indian Self-Determination Act.

It is, therefore, important for IHS to have recognized in this way that self-determination, and contracting, is dependent upon an adequate funding of indirect costs associated with these contracts. These indirect costs

> "include certain costs that do not appear anywhere in the IHS budget but which the contractor must incur. These are referred to as non-federal operation costs. For example, the government is a self-insurer, but if a tribe contracts an IHS function under PL93-638, the tribe must purchase liability insurance (e.g., malpractice insurance). Indirect costs include expenditures such as compensation for injury, employee benefits, audits, tribal health department structure, financial management systems, and personnel systems . . .".

By example, at FSIP indirect costs are incurred for fringe benefits that include insurance, a pension plan and workmen's compensation; for travel expenses due to FSIP's geographic isolation; and, most importantly, for the entire financial management and personnel systems and audit costs.

The remainder of our statement is in opposition to proposed reductions in other vital IHS programs that also directly impact on the availability and provision of adequate health care for Pueblo peoples. Our opposition to these reductions is based on our understanding that the goal of IHS is to raise the health status of Indian and Alaskan Native people to the highest possible level. This mission is described as: (1) assuring the availability of high quality compreshensive, accessible health services; (2) providing increased opportunities for Indians to manage and operate their own health programs; and (3) serving as a health advocate for Indian people.

The proposed nationwide reduction of $10.7 million in hospital and health clinic programs will negatively affect health care provided by causing a service level reduction from the 152,832 Pueblo patients seen in the previous year (Albuquerque Service Unit equals 69,487 and Santa Fe Service Unit equals 84,345). The effect of this proposed nationwide reduction would be the amount by which the Albuquerque Service Unit budget of $11,566,200 and the Santa Fe Service Unit budget of $14,750,200 would ultimately be reduced.

This proposed $10.7 million reduction is incongruent with the statement that ". . . IHS continues to emphasize the implementation of the Indian Self-Determination & Education Assistance Act, Public Law 93-638, by assisting tribes and tribal organizations in the assumption of the operation and management of hospital and health clinics activities." (Reference IH-46, FY1986 Appropriations Justification.) In light of the purpose for the funding, the proposed reduction is too drastic and we ask of the Subcommittee today to deny this request.

The proposed nationwide reduction of $8.2 million in Contract Health Care (Reference IH-64, FY1986 Appropriation Justification) is ill-advised because the purchase of medical care from non-IHS and non-tribal providers is an option critical to delivery of specialized medical care to Indian people. Any reduction in this line item will necessarily reduce the number of contracts with these private providers (approximately 1,300 nationwide) to the detriment of specialty care to Indian people.

Notwithstanding the apparent "freeze" on most domestic budget items from Fy1985 to FY1986, recent administration testimony at the Oversight Hearing on this IHS FY1986 Budget did not mention budgetary savings by reducing this critical program. The statement by the Administrator of the Health Resources & Services Administration, Department of Health & Human Services, instead stated that ". . . $18 million is available to meet essential cost increases to support health care delivery . . . ." (Reference prepared statement for 26 February 1985 House Interior & Insular Affairs Committee hearing.)

The administration has again proposed elimination of the comparatively small $25.5 million appropriation for the Community Health Representative program. Since the present administration's tenure began, Indian people have had to come before your subcommittee to appeal for restoration of this funding that provides community-oriented primary care services utilizing local, well-trained health workers. Each year, you and your subcommittee have restored this funding, and we appeal to you to do so again.

For Five Sandoval Indian Pueblos the $269,191 in fiscal 1985 CHR funding is providing for 10,740 direct patient contacts as indicated in Attachment B. The fundamental importance of this first-line medical care for Indians has been well noted by Dr. Emery Johnson (former Director of the Indian Health Service) in his recent testimony concerning the reauthorizing legislation for the Indian Health Care Improvement Act. Dr. Johnson's prepared statement for that occasion correctly states that, "Including the Community Health Representative program as one of the basic IHS responsibilities is important. In the Senate Bill (S.277), the Community Health Representative program is identified as an essential component of the Indian health system authorized under the authority of the Snyder Act and was, in fact, funded under that authority for several years before the enactment of the original Indian Health Care Improvement Act. CHRs are not a peripheral service, but are the fundamental access point for the Indian patient into his health services delivery system. I would recommend that this bill also acknowledge that the Snyder Act is the basic authorizing legislation for the CHR."

FSIP concurs with this assessment of the need to continue with the authorization for the CHR program and urges your subcommittee to, likewise, continue to provide at least the minimum $25.5 million appropriation for fiscal 1986.

Thank you for your consideration of our recommendations, and we will be pleased to respond to any inquiries you might have regarding our testimony.

STATEMENT OF THE ONEIDA TRIBE OF INDIANS OF WISCONSIN

Virginial Colonial Times:

"Several of our young people were formally brought up at the colleges...they were instructed..but, when they came back to us... (they were) ignorant of every means of living in the woods...totally good for nothing. We are, however,...obliged by your kind offer... and, to show our grateful sense of it, if the gentlemen of Virginia will send us a dozen of their sons, we will...instruct them in all we know, and make men of them."

Wisconsin 1872:

"From many efforts that have already been made to deprive us of our reservation here, and from threats and wishes that have been openly made, we fear that serious attempts are soon to be made to disturb us in the great possession of our reservation. We are too poor to send delegates to Washington to look after our welfare, as the whites have done to promote the efforts being made against us."

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Many changes have occurred in Indian country since these two historical statements, but in some way things are the same. The key to the future for Native Americans is education. It is the key to open the door to progress. The Oneida Tribe of Wisconsin has achieved a measure of success in economic development over the past decade, but unemployment is still at approximately 30%. Key management and technical positions are not held by tribal members.

The Johnson O'Malley program has had a positive effect on our cultural, social, and educational awareness. We consider JO'M a base from which to build. During the years JO'M has supported our children's educational efforts, parents are involved, career planning is instilled, and cultural awareness is interlaced.

The Oneida Tribe sends its children to five school districts. Within those school districts the tribal student dropout rate is 5.3% as compared to the state rate of 8.0%.

We know that our children have additional pressure because they must travel two roads--the white culture and their tribal culture. They must understand both to be a whole person.

With these comments we encourage you to fund the Johnson O'Malley Program in FY'86 at a minimum at the FY'85 level so that tribal children will not take a step backwards.

RESOLUTION

WHEREAS, the Johnson O'Malley program has a firm basis in Federal legislation through the Snyder Act and,

WHEREAS, the Oneida Tribe of Indians of Wisconsin is in complete support of the Johnson O'Malley program being implemented through the Oneida Education Office and,

WHEREAS, the Oneida Tribe of Indians of Wisconsin recognizes Johnson O'Malley as a viable program that addresses the unique educational needs of Indian students within the five school district area and,

WHEREAS, the Indian student population drop out rate within the five school district area is 5.3% in comparison to the State at 8% and that efforts on the part of the Johnson O'Malley program can be acknowledged as playing a significant role in maintaining a low drop out rate and,

WHEREAS, Johnson O'Malley has been recognized as having a more significant parent involvement in the decision making process of implementation of programs

WHEREAS, the Johnson O'Malley program provides an intervention program addressing specific needs that are not resolved by other State or Federally funded programs and,

WHEREAS, The possible dissolution of Johnson O'Malley may lead to the possible negative evaluation of remaining Indian education programs as a result of compromised quality of services and overburdening of remaining programs and,

WHEREAS, the Oneida Tribe of Indians acknowledges Johnson O'Malley as being supplemental to Title IV in the services the program provides and does not supplant other existing Indian education programs.

NOW, THEREFORE BE IT RESOLVED, that the Johnson O'Malley Program continue serving Indian students both within tribal school structures and public schools equally and that neither suffer the loss of program allocations at the expense of the other.

BE IT FURTHER RESOLVED, that the Johnson O'Malley program maintain its present level of funding or receive an increase to its current level and that all Indian students be allowed to benefit from the services of the program.

BE IT FINALLY RESOLVED, that copies of this resolution be sent to the Secretary of Education, the Senate Appropriation Committee; the House Education and Labor Committee; the Minnesota, Michigan, Wisconsin, and Iowa Congressional Delegations, all L.I.E.C.'s within the Great Lakes Region; the National Congress of American Indians; the national Tribal Chairman's Association; and other appropriate persons or organizations associated.

CERTIFICATION

I, the undersigned, as Secretary of the Oneida Business Committee, hereby certify that the Oneida Business Committee is composed of 9 members of whom 5 constitute a quorum, at a meeting duly called, noticed and held on the 30 day 3 month of 1985. The foregoing resolution was adopted by a vote of 8 for, 0 against, and 0 abstention(s).

Signed: ______________________________
Secretary, Oneida Business Committee

Statement of Gov. Alvino Lucero, Chairman, Southern Pueblos Governors Council

Mr. Chairman, I appreciate the opportunity to be here today. My name is Alvino Lucero and I am Chairman for the Southern Pueblos Governors Council, which is composed of nine pueblos who make up the multi-tribal Southern Pueblos Agency of the Bureau's Albuquerque Area Office. Our nine tribes share funding apportioned on the basis of priorities established through the tribal priority system (Band Analysis) as part of the Zero Based Budgeting (ZBB) process designed to identify tribally set funding priorities in the Bureau Budget Justification from which Congress makes yearly appropriation decisions. Laguna and Zuni Pueblos, which have their own agencies, are served by the Albuquerque Area Office and have problems similar to ours with their funding. I am also Governor of Isleta Pueblo. Our pueblos are characteristic of the tribes described in the BIA FY 1986 Appropriations Justification as, "...smaller, less established tribes and rancherias, for which Self-Determination grants have provided the nucleus or essential seed money to enable them to become established as governments and to acquire the capability to participate in housing, economic and community development, employee, and similar programs through contracts and grants with various Federal agencies." My tribe, Isleta with a population of 3,401, is among our largest and Sandia, with nearly 300 members, is our smallest.

Our dependency on PL93-638 grants to bear the burden for local government responsibilities, as described above, is directly linked to our comparatively low volume of PL93-638 contracts. These contracts, in turn, tend to increase as these internal tribal administrative capacities develop. Of our nine tribes, for example, only Zia has an indirect cost rate, and at 22.8 percent is near the minimum for these rates as established by the Interior Department's Office of Inspector General.

Given our dependency on PL93-638 grants described above, we are here to request that the Self-Determination grant program remain at the FY1985 "freeze" level of $16,517,000 nationwide for FY1986. (Reference S. Report 93-578, dated 06 August 1984, accompanying HR5973 and S. 98-634 accompanying HJ Res 648, the FY1985 Continuing Appropriations Resolution signed in to law 12 October 1984 as PL98-473.) This $16.5 million level would restore the $4.3 million reduction the Bureau has proposed for Self-Determination Grants. (Reference BIA-96 FY86 Appropriation Justfication.) Because of our Pueblos' great need for stability in this funding, I am also requesting that your committee earmark $1,003,154 of this amount for awards at the Southern Pueblos Agency (SPA), in Albuquerque. This would restore funding for our nine pueblos to the FY1983 level when our funding was approximately 6 percent of the total nationwide. (Reference Attachment A, Table.)

As background for this request, it is important to know that our small Pueblos use these PL93-638 grant funds as the Bureau of Indian Affairs stipulates and in accordance with the regulations (as stated at 25 CFR Part 272.1 -- Purpose and Scope) for the hiring of administrative, financial and other personnel necessary to establish and maintain tribal capacity to function as effective local units of government. These personnel, in reporting to their governors, then provide day-to-day continuity for tribal involvement with other local, state, and federal governments and for the increasing contact with private individuals and companies seeking business opportunities on reservation lands. (Reference BIA FY1986 Appropriation Justification, at page 98, where it states that:

> ". . . the smaller tribes have generally used Self-Determination Grants in order to establish and maintain tribal administrative and financial management systems essential to successfully contract program administration. Smaller, less established tribes and rancherias have used Self-Determination Grants as seed money to enable them to become established as governments and to acquire the capability to particptae in housing, economic and community development, employee training, and similar available programs through contracts and grants with various Federal agencies . . .".)

Therefore, any changes in the Self-Determination Services appropriation activity which serve to reduce the grants portion will have a negative effect on the establishment and maintenance of our local government capacity. This is so because most of our Pueblos have yet to establish indirect cost rates; nor do we have many PL93-638 contracts. Consequently, we have a comparative lack of internal, professional staff.

Nor are our Pueblos able to protect funding for our existing administrative and management-related staffing through contract support funds, such as when our PL93-638 grants were reduced in FY1984 by 25 percent from the previous funding level. Our Pueblos do not benefit from any increase in contract support funds -- especially at the expense of a lower self-determination grant funding.

Beyond the problem our Pueblos have in trying to maintain the FY1983 level of funding for Self-Determination Grants due to several consecutive fiscal year reductions in enacted appropriations for these grants nationwide (from $17,880,000 in FY1981 to $16,375,000 for FY1984 and $16,517,000 in FY1985), is BIA's apparent failure to recognize that awards for 93-638 grants are no longer made on the basis of tribal population. (Attachment A -- Table, depicts the decrease in Pueblo 93-638 funding, as a percentage of the national appropriation level, despite ranking the grants program as our number one priority in both FY1985 and FY1986, during the annual Band Analysis process as part of the tribal priority ranking system.) BIA's failure to take this into consideration when making Pueblo awards in FY1984, and again, apparently, in FY1985 disregards the BIA Appropriation Justification statement of how the method for determining distribution of 93-638 grants has changed since the first years of funding following passage of the Indian Self-Determination Act of 1975. (Reference BIA-97, FY1986 Appropriation Justification where it states:

> ". . . Initially, PL93-638 grants were awarded on a tribal population basis. Now they are a part of the tribal priority system. The amount requested reflects tribal priority needs related to a tribe's contracting capability and basic tribal program operational capacities.".)

We have tried to work with the Bureau of Indian Affairs on this funding issue for over the past year now. Most recently, we sent a letter to the Albuquerque Area Director asking for a meeting, and a written response, concerning this matter and the fact that this program is the Pueblos' number one priority for distributing the funding previously appropriated by Congress. (Reference Attachment B, March 1985 letter to Vince Little.)

To date, my March request has not been responded to such that I and the other governors now do not know if BIA intends to hold our funding at the greatly reduced FY1984 level ($752,523), contrary to our number one ranking for 93-638 grants in the annual Band Analysis procedure. Therefore, I am additionally requesting that administration officials testifying before your Subcommittee April 16 on the BIA FY1986 Budget Request be asked:

> ". . . If Pueblo grants at SPA are going to be awarded in FY1985 at the tentative level given the Pueblos of $832,200, which would be in accord with the number one rank given this program during the annual tribal priority system procedure?"

In our own behalf our Pueblos are doing two things to try to prepare for the eventuality of contracting. We are trying to work within the procedure established for tribes to identify PL93-638 grants as our number one ranked banded program in order to hold this program harmless from funding reductions. The procedure requires us to identify, at the agency location, our priorities to be isolated within the tribal priorities system for the 18-month long budgetary formulation cycle prior to Congressional action. And, while we look into the process for establishing Indirect Cost Rates, we are also trying to determine whether our Pueblos will be able to benefit from some interim contract support fund appropriation for tribes newly contracting under PL93-638 with BIA. (At BIA-104 of the FY1986 Justification Statement, there appears to be an assurance to tribes for funding, at a 15.5 percent rate, for indirect costs of new 93-638 contracts.) It, however, is not clear to our Pueblos just how Congress will treat this request for an increase of $1,050,000 in FY1986, and just how this request, if funded, would be of assistance to us in making the transition from grants to contracts for our local government and tribal capacity needs.

Also so that funding, once appropriated by Congress, is apportioned by BIA in accordance with Congressional intent and with strict regard to provisions in PL93-344 -- the Congressional Budget & Impoundment Control Act of 1974, the Pueblos are strongly supporting reintroduction in the 99th Congress, by House Interior & Insular Affairs Committee Chairman, Morris Udall, of HR6202 -- the BIA Fiscal Accountability Act of 1984.

In closing, I want to note that the Pueblos find themselves faced with building tribal government capacity just as Congress, and the administration, seem to be narrowing the intent of the 1975 authorizing legislation for Indian Self-Determination. This is being done by decreasing funding for the Section 104(a)(1) grants that provide the vital link to establishing Indirect Cost Rates from which the trained staffing required for contracting under Section 104(a)(2) of PL93-638 can be paid.

Support for this position is found in the 1984 Tom Clary Institute Report to the Assistant for Indian Affairs. This report, Indian Self-Determination Study, describes the negative effect of this dilemma on smaller tribes -- like the Pueblos -- on pages 12 to 14, as follows:

> ". . . the purpose of PL93-638 is to establish a meaningful self-determination policy which will permit the orderly transition from federal domination of programs for and services to Indians to effective and meaningful participation by the Indian people in the planning, conduct and administration of those programs and services . . .;
>
> "While contracting was envisioned as a primary tool to accomplish this change, it is not the only possibility. We conclude that mechanisms other than contracting have not been developed or implemented to a significant degree beyond the band analysis process . . .;
>
> ". . . it should also be noted that Congress recognized the need to strengthen tribal governments as a pre-condition to effective contracting. This also implies widely differing Tribal/Federal relationshipos because of the varied levels of tribal capacities for self-determination."

Thank you for the time you have given me today to make these recommendations. I would be pleased to respond to any questions the Subcommittee might have regarding this testimony.

LETTERS FROM S. BOBO DEAN, ATTORNEY, HOBBS, STRAUS, DEAN & WILDER, REPRESENTING THE MICCOSUKEE TRIBE OF INDIANS OF FLORIDA

April 5, 1985

The Honorable James A. McClure
Chairman
Subcommittee on Interior
Senate Committee on Appropriations
114 Senate Dirksen Office Building
Washington, D.C. 20510
Attention: Ms. Linda Richardson

Dear Senator McClure:

Enclosed is a letter to the Acting Assistant Secretary for Indian Affairs expressing the concern of the Miccosukee Tribe of Indians of Florida at the discriminatory treatment which it is receiving in the distribution of and planned distribution of increases in BIA law enforcement funds for F.Y. 1985 and 1986, respectively.

We respectfully request on behalf of the Tribe that this letter be included in the record of your April 3 hearing on the F.Y. 1986 appropriation for the Department of the Interior and that you look into the Bureau's handling of this matter.

Sincerely yours,

HOBBS, STRAUS, DEAN & WILDER

S Bobo Dean

By: S. Bobo Dean

April 4, 1985

The Hon. John W, Fritz
Acting Assistant Secretary
for Indian Affairs
U.S. Department of the Interior
18th and C Streets, N.W.
Washington, D.C. 20240

Re: Miccosukee Tribe of Indians of Florida

Dear Mr. Fritz:

We are writing to express the concern of our client, the Miccosukee Tribe of Indians of Florida, that no increase is being provided to the Miccosukee Tribe's BIA-funded law enforcement program in F.Y. 1985 and none is planned for F.Y. 1986 even if Congress provides funding to bring all such programs up to the Bureau's "exemplary" standards.

Your staff has informed us that the reason the Miccosukee Tribe has been left out is that the State of Florida exercises jurisdiction under Public Law 280 in its community so that no increase in Bureau support is needed. We have explained to your staff that its information is incorrect and are pleased to learn that the Bureau is willing to reconsider its position.

The facts are as follows (as we are confident your Eastern Area Director, Mr. Ott, will confirm):

First, the Miccosukee Tribe occupies an area within the Everglades National Park set apart for the Tribe by a Special Use Permit of the Secretary of the Interior, dated February 1, 1973. The State of Florida relinquished jurisdiction over these lands when the Park was established. See Laws of Florida, Acts of 1935, Ch. 16996; Laws of Florida, Acts of 1947, Ch. 23910 and Halpert v. Udall, 231 F. Supp. 574 (S.D. Fla. 1964) aff'd. 379 U.S. 645 (1965).

The Associate Solicitor ruled long ago that these lands constitute Indian country subject to federal and tribal (not State) jurisdiction. See Memorandum of the Associate Solicitor for Indian Affairs, dated March 21, 1973 and Notice of Determination, May 25, 1973, 38 Fed. Reg. 13758. The courts have held that P.L. 280 does not extend to this tract so that the federal government (not the State) has exclusive jurisdiction over major crimes committed by Indians. See United States v. Daye, 696 F. 2d 1305 (11th Cir. 1983).

The tract occupied by the Tribe within the Park is its administrative, cultural, commercial and residential center. Within this tract are facilities owned by the federal government (including the Miccosukee Indian School) and the Tribe (health clinic, tribal offices, Miccosukee high school, library) and by Indian individuals (HIP-financed housing) of substantial value. The primary purpose of the Miccosukee Tribe's law enforcement program currently is to provide law enforcement services, including the enforcement of federal and tribal laws, within this area. The National Park Service's law enforcement activity is very limited and extends only to the enforcement of Park regulations. The location of the Tribe within an area of high crime activity by non-Indians (including international drug smuggling and dealing, murder and similar activities) and adjacent to a major federal highway (U.S. 41) complicates the responsibilities of the Tribe in the protection of lives and property in the Miccosukee community.

We submit that there is no justification for denying an increase in BIA asistance to the Miccosukee Tribe based on Florida's P.L. 280 status since jurisdiction under P.L. 280 does not extend to this area.

Secondly, under the Florida Indian Land Claims Settlement Act of 1982 a federal Indian reservation was created for the Miccosukee Tribe north of the Everglades National Park and the Tribe received a permanent leasehold interest from the State of Florida in an additional 189,000 acres. See 25 USC §1741 *et seq*. Under that Act the leasehold area has reservation status "solely for purposes of determining the eligibility of the Miccosukee Tribe and its members for any Federal health, education, employment, economic assistance, revenue sharing, *law enforcement over Indians*, or social welfare programs, or any other similar Federal programs for which Indians are eligible because of their status as Indians and their residence on an Indian reservation". 25 USC §1745(b).

While the State's concurrent criminal jurisdiction may extend to these two tracts, it is clear that the Tribe, also, has jurisdiction and substantial law enforcement responsibilities therein which did not exist prior to 1982 and which have never been taken into account in the development of the budget for the Tribe's contract with the Bureau for law enforcement services. Clearly, it makes no sense whatsoever to leave these needs out of account in determining the amount necessary to bring the Miccosukee law enforcement program into conformity with the Bureau's exemplary standards.

Please instruct your staff to contact the Tribe and work out with it for planning purposes the increase above the existing budget which would we required to bring the program into conformity with the standards mandated by the Congress and the Bureau's regulations and provide this information to supplement the submission already made to the Congress.

Sincerely yours,

HOBBS, STRAUS, DEAN & WILDER

By: S. Bobo Dean

STATEMENT OF ALLEN PINKHAM, CHAIRMAN, NEZ PERCE TRIBAL EXECUTIVE COMMITTEE

Mr. Chairman, I am Allen Pinkham. As Chairman of the Nez Perce Tribe, I am pleased and grateful for this opportunity to present our views on the proposed FY '86 Indian budget.

At the outset, Mr. Chairman, I am dismayed and angry that the Administration proposes a $60 million cut in the Bureau of Indian Affairs. Indian people as a group are more reliant on Federal monies than any other group, save perhaps Social Security recipients. Despite the current upswing in the economy, Indian Country has not yet seen the economic recovery of which the Administration is so boastful. Our needs are greater than ever, yet the Administration asks us to bear a further round of budget cuts. This attempt to cut funds to the poorest of the poor is unworthy of a great nation.

I would now like to discuss with you some specific funding priorities of the Nez Perce Tribe.

LAW ENFORCEMENT

Last year Congress ordered BIA to fund Tribal law enforcement programs, specifically including that at Nez Perce, to a level halfway between minimal and exemplary. With its accustomed disdain, BIA has failed to honor this order at Nez Perce.

With the help of BIA personnel, the Tribe last year prepared a budget for Law Enforcement of $663,000.00. This budget reflected a minimal level of operations. Yet, our F.Y. '85 allocation came to less than $225,000.00. Worse yet, we have been told by the Bureau that this grossly inadequate figure is to be our base figure for future funding under the Tribal Priority System. Thus, not only has the Bureau delivered only one-third of a minimal program, it has virtually guaranteed that our program never will reach the minimal level.

We request a line-item appropriation at $661,068.00 for our Law Enforcement Program. A program narrative and budget for the Law Enforcement Program is attached as Appendix I. This figure will allow us to have 12 full-time uniformed officers for our Reservation. We consider this a minimal level of services. Indeed, it is less than what is necessary to operate halfway between the minimal and exemplary levels, as Congress last year ordered the Bureau to do.

JOHNSON O'MALLEY PROGRAM

Like all other Tribes throughout the country, the Nez Perce Tribe is profoundly dismayed at the proposed termination of the Johnson-O'Malley program. Although Idaho only receives about $250,000.00 per year, we regard these funds as critical, particularly in view of proposed cuts in other education progams.

We view JOM as one element of the United States' obligation to provide education to Indian children. This obligation arises from our treaties with the United States, and should be regarded as a cornerstone of Federal Indian policy. JOM is only one part of the Indian education policy, but an attack on a part is an attack on the whole. We urge the Committee to reject this ill-conceived and mean-spirited proposal, and to fund JOM at the level of $28.9 million.

FISH AND WILDLIFE

The Nez Perce Tribe has prepared a proposal for a Fish and Wildlife Management Program. This Program will involve collection and analysis of information regarding wildlife resources, coordination with state and Federal agencies and enhancement of wildlife resources in and around the Nez Perce Reservation.

The program we propose is an ambitious one, involving separate projects on Fish and Wildlife Habitat, Fish Production, Fish Harvest, Large Game and Small Game. If we are to make the most of our treaty rights, we must protect and enhance the fish and wildlife resources of the Reservation for the good of Indians and non-Indians alike.

Realizing that this is a difficult time for Congress to engage in new spending, we have developed a series of alternative proposals seeking different funding levels. An optimal program would require an additional appropriation of $315,000.00 to the $160,000.00 requested by the Bureau. A program narrative and detailed budget for the Committee's consideration is attached as Appendix II.

Fish and wildlife enhancement is a key priority of the Nez Perce Tribe. We ask the Committee's help in developing and managing this important resource.

HOUSING IMPROVEMENT PROGRAM

The BIA proposal to cut HIP by $5.5 million, in combination with the Administration's proposal to eliminate the HUD housing construction program, will result in a massive unmet need for decent housing in Indian Country. By BIA's own figures, 58,000 Indian families are in need of new homes nad 31,400 need renovation to reach housing standards. In light of these facts, the proposals to reduce or eliminate these beneficial housing programs truly is heartless.

On the Nez Perce Reservation, according to a 1981 survey, 67 families were without homes. Of the 520 existing Indian homes on the Reservation, only 180 were in standard condition, while 340 were substandard. Fully 57%, or 195 of the 340 substandard homes are in such poor condition that they cannot be rehabilitated to standard and must be replaced. Thus, in 1981, the Nez Perce people needed 262 new homes. Another 145 needed renovation to reach standard condition.

With our FY1985 appropriation, we hope to renovate 15 homes this year, seven to standard condition. We will not be able to meet even 10% of the need with current funds, yet the Administration would reduce that. We urge the Subcommittee to reject the proposed cut in HIP and fund the program at least at the FY1985 level.

WATER RIGHTS PROTECTION

Currently pending in the Idaho legislature is a bill providing for comprehensive stream adjudications in state courts. If adopted, the bill will authorize the State to commence comprehensive adjudications of water rights, including the rights of the federal government and Indian tribes. BIA is requesting $4.7 million for litigation support and $1.9 million for attorneys fees. We believe these sums are inadequate.

As you know, comprehensive water rights litigation is extraordinarily expensive. Given the large number of Indian water rights cases now pending, BIA will be unable to meet the great need for litigation support. We urge an increase of $2,725,000 over the Bureau's request.

We urge also that funds for private attorneys fees be increased by $2,109,000 over BIA's request for a total of $4,000,000. Despite clear and immediate conflicts between tribal and federal interests, BIA has insisted on allowing Department attorneys to represent both tribes and federal agencies in water rights cases. Legal niceties aside, it is easy to see that competitors for a scarce resource simply cannot be represented adequately by the same attorneys. If tribal interests, and federal interests for that matter, are to be represented adequately, funds must be made available for the tribes to retain private attorneys. We have and will continue to use what resources we have to defend our rights, but we simply cannot afford attorneys for major water rights cases. Congress should make more funds available for his purpose.

COMMUNITY HEALTH REPRESENTATIVES

We find unbelievable and unacceptable the Administration's proposed cuts in the CHR program. One of the most cost-efficient programs in IHS thus falls under the budget axe.

Again, the Administration proposal is ill-conceived and hard-hearted. We urge the Committee to reject this proposal and to fund the CHR program at the current level of $29.5 million.

FORESTRY

The Tribe urges the Committee to reject the proposed cut in BIA's Forestry program. Indian timber already is an underdeveloped resource. Much of the development that has occurred has been destructive and wasteful. BIA must increase, not decrease, its efforts in this regard.

In conclusion, Mr. Chairman, I must say that Indians already have had to bear more than their share of budget cuts. We are not a special-interest group. We are governments with a unique and complex relationship with the United States. An important element of this relationship is the Federal budget. We can bear no further cuts without serious hardship to our people. We urge the Committee to reject the proposed cuts and fulfill the Federal responsibility to Indian people.

STATEMENT OF CHESTER T. FERNANDO, GOVERNOR, PUEBLO OF LAGUNA

Mr. Chairman, members of the Committee, I am pleased to have this opportunity to present the concerns of the Pueblo of Laguna regarding the FY1986 Indian Affairs budget.

Mr. Chairman, I am deeply disturbed and disappointed at the BIA's proposal for zero funding for the Johnson-O'Malley program. The Johnson-O'Malley Act was passed over fifty years ago to provide financial assistance for programs designed to meet the special and unique needs of Indian students. For the past several years, the Pueblo of Laguna has contracted to operate the program under the Self-Determination Act. We undertook this responsibility with vigor and in good faith. Now the Bureau proposes to eliminate the program that we have worked so hard to build.

The rationale of the Bureau of Indian Affairs in proposing zero funding is that other programs, such as Title IV, Impact Aid, Chapter I and Head Start, presently provide funds for Indian students in the same schools that receive JOM funds and will continue to do so. The Bureau also asserts that Johnson-O'Malley funds are being used for basic public school operations serving all students in the schools and are not aimed at the unique needs of Indian students.

As for the claim that JOM merely duplicates other programs, we would note first that Title IV is scheduled to receive the same funding as in FY85. No other program is to be increased by the amount JOM is to be cut. Indeed, even the fate of Impact Aid is now uncertain. The net result is that two basic sources of assistance to schools serving Indian students are to be zeroed out with no accompanying increase in other programs. No amount of supposed duplication can justify this result. In the end, if these cuts are made, Indian people--worse yet, Indian children--will lose badly-needed educational assistance.

As for the claim that JOM funds are being misused, I can speak only for the Laguna program. Nonetheless, I reject and I resent the suggestion that program funds are being devoted to inappropriate purposes. We at Laguna have worked hard to provide innovative services designed specifically to meet the special needs of Indian children in the difficult and sometimes hostile non-Indian public school environment. Let me describe briefly the services we have provided with JOM funds during the past two years.

We have established a tutoring project for the eastern half of the school district. This tutoring project is for students in grades one through twelve. Sessions are held during after school hours for the benefit of elementary school students who would like to take part. The primary focus of this project is remedial help for those students who are behind or who have failed to grasp certain concepts in the course of regular class work. This project has been most beneficial to students who were behind in reading and math in the elementary school, and in regular classes in the Junior and Senior high school.

We also have established an Accelerated Learning Program for those Indian students who are preparing for post-secondary education. Since the school district is unable to provide college-preparatory classes for students, the Johnson-O'Malley program has undertaken this project to inform students as to available options in post-secondary education, as well as to boost skills in math, science and English. The school district does not provide this type of service aside from the regular school curriculum. This Program is open to any Indian student who plans to continue his education after high school. Along with the preparatory courses of study, information is provided on funding and on college application procedures. In addition, field trips have been provided to help familiarize students with campuses at the colleges they may be interested in attending.

Our aim in offering this Program is to motivate and prepare Indian high school students for post-secondary education. Unless our young people obtain the same education as their non-Indian contemporaries, our people never will realize the dream of escaping the generations of poverty that Indian people have suffered.

The Laguna Johnson-O'Malley program also operates an activity/special transportation bus. The bus is a General Services Administration vehicle leased to our program. The school district does not own buses and has to lease from private transportation companies. This bus is used for educational trips that the school is unable to fund. The service would not be available without the Johnson-O'Malley program. The after-school tutoring program participants are transported home on this bus. Proposed trips are reviewed by the Johnson-O'Malley staff and the Pueblo's Indian Education Committee to determine the educational value and worthiness of the trip.

During the past three years, our JOM program has held summer school in the school district. The school district has been unable to conduct its own summer school program since 1979 because of lack of funds. Indian students wishing to make up credits had to travel to Albuquerque, about 48 miles from Laguna and about 58 miles from Acoma, to attend an accredited summer school program. The Johnson-O'Malley program now provides the funds for teachers, transportation and custodial services to operate the summer school. The school district provides the classroom space, books, facilities and curriculum to keep the program in line with graduation requirements. The Johnson-O'Malley staff handles the entire administrative portion of the project, although at least one school administrator is present during the summer. The success of this project has been phenomenal. The student success rate in three years has been 98% passing with at least a letter grade of "C" (average), and only a 2% failure rate. In the course of three years, only two students have dropped out of the program with an average of 68 students per year attending the program.

The Johnson-O'Malley program also still provides school supplies and other such assistance to Indian students, but these are only minor aspects of the services provided by our program. Nonetheless, these services are important to many people since the area is now in a period of high unemployment.

These are only the highlights of the Johnson-O'Malley program at the Pueblo of Laguna, and they are by no means the only activities in the program. The activities listed, however, are those that seem to be most effective in helping to meet the special and unique needs of the Indian students. Without the Johnson-O'Malley program, activities with a special focus on Indian students would be non-existent. The other programs for Indian students do not come close to satisfying the needs met by our program.

In conclusion, Mr. Chairman, I am proud of our JOM program and believe very deeply in its goals. No element of the federal relationship with Indian people is more important than education. Failure to guarantee adequate educational opportunities now will only increase tribal dependency on the Federal Government in the future. We urge the Committee to restore funding to the JOM Program for FY1986 so that we may continue to work for a better day for our children.

STATEMENT OF STANLEY G. JONES, SR., CHAIRMAN, TULALIP TRIBES OF WASHINGTON STATE

We have reviewed the President's budget request for FY 1986 and offer the following views and recommendations with respect to the appropriations for the Bureau of Indian Affairs and the Indian Health Service:

Bureau of Indian Affairs

o Fisheries Habitat Management An increase of $395,565 to support management of our fisheries resource. Our goal is to manage our native and hatchery runs to the maximum benefit of all users. Increased responsibilities and the drastic decline in public resources allocated to the management and protection of this resource have seriously impaired our ability to implement management activities. Additional funds are needed for increased environmental monitoring, expanded enforcement capabilities, record keeping, maintenance requirements, improved harvest management oversight, and to address the problem of stream quality deterioration. Increased staff and support services are critical to the successful implementation of our fisheries management program.

o Tribal Salmon Hatchery An increase of $95,900 for the Tulalip salmon hatchery. Our fisheries resource is of prime importance in our struggle for self-sufficiency. Additional funds are needed for work on Battle Creek Dam to provide safer and more efficient fish release; to design, build and install an improved fish ladder between Tulalip Bay and lower spawning facilities; to expand the new on-reservation steelhead rearing program being conducted in cooperation with the Washington Department of Game; to asphalt the area around the main hatchery building; for road maintenance, dredging to correct damage caused by a major landslide, mesh substrate for hatchery Chum raceways, and slotted metal aluminum screens to replace wood-framed wire mesh screens.

o Forestry Management An increase of $212,532 to continue our forestry development program for the protection and preservation of this resource and its environment. Additional funds are needed for seedlings, areal spraying, scarification, slash burning and road improvement. Increased manpower is essential for adequate protection of our forestry resources through better monitoring of on-going logging activities and improved policing activities to insure safe forest practices, and to gather needed evidence when non-compliance is known. The Tribes believe the additional manpower being requested is vital to the survival and health of our forestry resources.

o Johnson-O'Malley Program We join Tribes across the Country in requesting the restoration of funding for this program at the 1985 level of $28,857,000. It is difficult to understand the Administration's rationale for totally defunding this program for FY 1986 that is community-controlled, has given support to federal and tribal educational efforts and has served to improve the quality of education for Indian students across the United States.

o P.L. 93-638 Cost-of-Living Increases The BIA proposes to deny 638 employees cost-of-living increases for FY 1986. We request two specific actions of the Committee in this regard:

1) That you query BIA officials as to its policy and procedures for allocating these funds to 638 tribal contractors; and 2) that the Committee accept Chairman Udall's recommendation contained in the House Interior and Insular Affairs' budget recommendation that $3,183,000 be restored to the BIA FY 1986 appropriations for cost-of-living increases for 638 employees.

o Self-Determination Grants Here again the Administration has undermined the principle of Indian self-determination by totally defunding for FY 1986 grants to assist tribes involved in P.L. 93-638 contracts. Grant funds are vital to permit the contracting tribes to strengthen their management capabilities to manage such contracts more effectively. We concur with Chairman Udall's recommendation that $4,300,000 be restored for this purpose, and it is our request that your Committee appropriate this amount.

o Indian Rights Protection Program Chairman Udall's House Committee has recommended the addition of $2,000,000 to develop technical data to support Indian water litigation and negotiations. Given the importance of resolving numerous disputes between Indian and non-Indians over conflicting water claims, we are hopeful the Committee will appropriate these funds.

o Housing Improvement Program (HIP) We are deeply concerned by the BIA's decision to remove the HIP from the Tribe/Agency budget and control the budget from headquarters as a non-banded item.

We recommend that the Committee approve bill language directing the BIA to transfer the HIP back to the Tribe/Agency budget for FY 1987.

With respect to funding for HIP in FY 1986, we ask that you accept Chairman Udall's House Committee recommendation to restore $8,568,000 to this program to raise it to a level more in line with Indian housing needs.

Indian Health Service

The Administration's budget for the Indian Health Service, unless substantially increased by the Congress, will fall short of meeting serious Indian health needs that exist throughout Indian country.

We recommend that the Committee approve the following proposed increases:

* Cost-of-living increases	$25,000,000
* Community Health Representatives	25,480,000
* Urban Health Programs	9,800,000
* Sanitation Facilities Construction	22,400,000
* Catastrophic Illness Fund	12,500,000
* Tribal Management Programs	4,000,000

We appreciate the support you and the Committee have provided to various programs addressed to the human and natural resource problems of the Indian people throughout the United States. Such support has made the difference for a better quality of life for Indian people, providing meaning and substance to the principle of Indian self-determination, and maintaining the integrity of the federal trust responsibility owing to Indian people.

We are aware of and appreciate the magnitude of the fiscal challenge facing the United States, due in large measure to the enormous deficit, but we are hopeful that you will continue to allocate appropriate funds for vital Indian programs to maintain the progress achieved thus far.

STATEMENT OF LEONA KAKAR, CHAIRMAN, AK-CHIN INDIAN COMMUNITY

Mr. Chairman and Members of the Committee, the Ak-Chin Indian Community of Arizona appreciates the opportunity to submit our views and recommendations on the FY 1986 Appropriations for the Bureau of Indian Affairs and the Indian Health Service.

Bureau of Indian Affairs (BIA) :

The Committee is aware that the Community embarked on an effort in the mid-1970's to achieve a negotiated legislative water settlement to resolve its legal water claims. We pursued this course of action in the belief that it was the most practical and amicable method for resolving our claims against non-Indians, the State of Arizona, and the United States. This effort led to enactment of P.L. 95-328, the Ak-Chin Water Settlement Act. The Act would have provided us with both interim and permanent water over a period of time as a means of preserving our successful farm operation.

Unfortunately, the source of water identified to meet our interim needs proved to be inadequate, and further, too costly to develop. The Administration encouraged the Community to renegotiate the Settlement, and P.L. 98-530 was enacted in the last Congress. This particular Act will provide the Community with permanent water in 1988, as well as certain monetary considerations.

Included in the BIA's FY 1986 Budget is $1,400,000 earmarked for the Community as the balance of $3,400,000 to be used for the purchase of farm equipment needed for the expanded farm operation. We urge the Committee to appropriate these funds.

One other fiscal matter needs to be brought to the Committee's attention involving a $12,291,500 loan mandated to the Community by P.L. 95-328. The loan itself will be available through Appropriations under P.L. 84-984, the Small Projects Reclamation Loan Act, and the funds will be specifically used to develop our lands to accomodate the water commited in the revised settlement. Such loan will be forgiven per P.L. 98-530.

Mr. Chairman, we realize that small reclamation loans do not fall within the jurisdiction of your Committee, but due to the Department of the Interior's delay in processing the loan, we want to seek your help in expediting the process. The Appropriation is in place, and we request that you contact Secretary Hodel to urge him to process our loan expeditiously. Any further delay will jeopardize our work schedule, which in turn could result in a breach of the Act. Such circumstances would subject the United States to damages.

Mr. Chairman, the Ak-Chin Indian Community is concerned over the Administration's actions with respect to the BIA's and the Indian Health Services' FY 1986 budgets. We have carefully reviewed the House Interior and Insular Affairs Committee's FY 1986 Budget report prepared by Chairman Morris K. Udall. This Report addresses the needs of the two agencies, and offers recommendations for specific increases in their related Appropriations. We urge the Committee to give serious consideration to Chairman Udall's budget recommendations.

We wish to thank you for the opportunity to discuss our FY 1986 budget concerns before the Committee today.

STATEMENT OF HARTLEY WHITE, CHAIRMAN, LEECH LAKE RESERVATION BUSINESS COMMITTEE

Mr. Chairman and members of the Committee, I am testifying today to recommend modifications to the FY 1986 appropriations for the Bureau of Indian Affairs and the Indian Health Service. The Leech Lake Reservation Business Committee's recommendations follow:

Bureau of Indian Affairs

- Johnson-O'Malley Program - $28,857,000.

  The Administration's unwise decision to eliminate funding for this vital parentally-controlled education program for FY 1986 should be reversed, and complete restoration of the FY 1985 level of funding (28,857,000) should be approved by the Committee. The program and services supported by the JOM funds over the years have served to strengthen the quantity and quality of educational services available to Indian children. By totally eliminating funding for the program in FY 1986, the Administration is sending a clear message regarding the low priority it has placed on Indian education; your Committee can change this situation by restoring the JOM funds and providing a higher sense of priority for Indian education.

- Housing Improvement Program HIP - $8,568,000.

  An increase of $8,568,000 should be approved for the HIP program to off-set the Administration's proposed cut of $5,740,000, and their artful bookkeeping ploy to include $2,828,000 for contract support in their submission of $16,996,000. This Committee is well informed on the need for improved housing throughout Indian country. Our Council is hopeful you will accept our recommendation.

- Indian Rights Protection - $2,000,000.

  This increase is needed to develop supporting technical data to be used for Indian water litigation or negotiations. Given the numerous and far-reaching conflicting claims to water by Indians and non-Indians, we ask the Committee to give careful consideration to our recommendation to permit the Federal trustee to fulfill his responsibility in thic vital natural resource area.

- Fishery Programs - $49,000.

  The Bureau of Indian Affairs has specifically earmarked these funds in its FY 1986 Budget for use on the Leech Lake Reservation. These funds will permit us to initiate a five-year plan, discussed with the Committee last year, to improve the sports fishery and tourism potential on the Reservation. We ask the Committee to appropriate the full $49,000.

- Other important sport and fishery enhancement improvements are needed on our reservation to enjoy the full economic benefits of our recreation potential. We ask the Committee to review our statement of a year ago, and, to the extent possible, provide further increases as recommended for the Sports Fishery Program and Commercial Fishery Program.

- Other BIA Considerations;

  (1) Through Leech Lake Reservation Business Committee construction company and pursuant to P.L. 93-683 contract with the BIA, we completed construction of the chief Bug-O-Nay-Ge-Shig School under a unique arrangement through the Indian Health Service. In brief, an arrangement was worked out where the IHS provided architecture and engineering inspections for project out of its nearby Area Office as opposed to the BIA providing this service from its far-

removed office in Albuquerque, New Mexico. We are prepared to provide the Committee with more detailed information on this approach if you desire.

(2) On a negative note, we wish to register our objections to the BIA Headquarters' recent unilateral decision to divert elsewhere over 80% of FY 1985 Water Policy Implementation Funds from the Minneapolis BIA Area Office. Fortunately, the bands and tribes in the Area were successful in overturning this decision. We ask that you bring this matter to the BIA's attention during their appearance before the Committee, and that you get their commitment they will not attempt a similar move with respect to FY 1986 Water Policy Implementation Funds.

Indian Health Service

- Mandatory Increases - $25,000,000.

  Unless a reasonable increase is approved for the IHS to absorb certain cost-of-living increases, the curative and preventive programs vital to the well-being of Indian people will suffer. We ask the Committee to approve $25,000,000 for these purposes.

- Community Health Representatives (CHR) - $25,480,000.

  This important community-based program provides invaluable support to IHS in a wide array of health services and programs targetted to Indian health needs. Notwithstanding the importance of CHR's to tribal and Federal health initiatives, the Administration has zeroed funding for the program in FY 1986. We ask the Committee to restore the funding to the FY 1985 level of $24,480,000.

- Urban Health Programs - $9,800,000.

  Over 35% of the Indian people live in urban areas and have benefitted significantly from the numerous urban health programs established to meet their needs. Such programs will be eliminated if the Administration's decision to discontinue funding for the program in FY 1986 is allowed to stand. We recommend funding be restored at the FY 1985 level of $9,800,000.

- Tribal Management Program - $4,000,000.

  These funds are desperately needed to assist tribes to improve their management capacities when they contract to assume the control and management of IHS programs pursuant to P.L. 93-638. We are hopeful you will comply with our recommendation to approve $4,000,000 for this purpose.

- Sanitation Facilities Construction - $75,400,000.

  We have undertaken extensive research into the needs of sanitation facilities construction for various activities in Indian country. A table of our estimates follows:

(1)	HIP, renovations only, 1,000 units -	$ 8,300,000
(2)	Tribal & Other Sources 1,000 units, Combination of new and renovated homes	$15,700,000
(3)	HUD, in the pipeline 2,800 units -	$22,400,000
	Sub-Total	$46,400,000
	Existing homes, 10-year plan approximately 4,000 units -	$30,000,000
	TOTAL NEEDS	$76,400,000

We submit this total package for the Committee's consideration and ask that you fund whatever is possible.

- Catastrophic Illness Fund - $12,500,000.

  Should legislation reauthorizing the Indian Health Care Improvement Act be enacted into law, we urge the Committee to fund the provision establishing the above fund. This fund will help to conserve limited contract care funds in those IHS Service Units that are impacted by cases requiring exhorbitant contract hospital and medical services.

STATEMENT OF DARRELL WADENA, CHAIRMAN, WHITE EARTH RESERVATION TRIBAL COUNCIL

Mr. Chairman and Members of the Committee, the White Earth Band of Chippewa Indians concurs in the proposals submitted to you by the Minnesota Chippewa Tribe regarding FY 1986 Appropriations for the Bureau of Indian Affairs and the Indian Health Service. However, the Band wishes to discuss issues under each agency as follows :

Bureau of Indian Affairs (BIA) :

o Fish, Wildlife and Management Programs : The BIA's formal budget submission earmarks $76,000 for the White Earth Band. I want to elaborate on the importance of Committee approval of such funds, and to recommend further additions to enhance our natural resources as a means of improving the reservation economy.

The White Earth Band is a member of the Minnesota Chippewa Tribe. The White Earth Reservation is located in northwestern Minnesota, near the North Dakota border. It covers 1100 square miles, being the largest reservation in the U.S. mid-west. The total population is 10,000 people, about 40 percent of whom are Tribal members.

The Chippewa people have always been dependent on natural resources for survival, although today those needs are greatly different than when the reservation was established.

Natural resource related businesses contributes fourth to the area economy behind agriculture, sales and manufacturing. In addition, natural resources provide over $1,000,000 in revenues from tourism to the Reservation area dependent on fishing, hunting and water activities. They also provide over $2,000,000 from direct harvest including forestry, wild rice, fishing baits, furs and many others. This resource supports about 40 resorts, 20 timber-cutting firms, nearly 100 bait harvesters, 300 fur trappers, and 400 wild rice harvesters.

In addition to the jobs the resources provides to some people, it also provides food to many. The unemployment rate of the area has been near 20 percent over all, with Tribal unemployment over 70 percent. Since there are no large industries in the area, the recovery observed elsewhere in the United States will not be impacted on White Earth, and the Tribal members must subsist on other available resources.

Because over half of the Tribal members participate in natural resource harvest, as well as over 20,000 non-Tribal members through tourism, it is very important that the resources be managed to preserve their abundance and sustain the economy area.

The White Earth Band established its Conservation Department in 1977, and since that time it has established enforcement and judicial court systems; and a biological management system including wildlife and fish management, hatchery operations, wild rice production, and forestry. White Earth has since become recognized as an expert in wild rice production.

These operations have been funded through Banded Tribal sources and discretionary BIA funds. The severe reductions in the federal budget will eliminate the biological management of the natural resources by the Band.

The State of Minnesota does some natural resource management on the Reservation, however, because of its "state-wide" policies, it is very restricted on White Earth. As an example, there is no wild rice management by the state. Lakes under 350 acres, nearly 75 of them, receive no stocking, yet Tribal members use these extensively. The state has no responsibility for Tribal lands.

To date, the Reservation has coordinated with all the state management activities so that there is no duplication of services.

Since the start-up of the Department, the deer population has increased by over 300 percent. The fisheries program has started over 75,000 fry and 20,000 fingerling into lakes, many of which previously had no management. One lake was stocked in cooperation with the state, each providing half of the total seed. Grouse populations are increasing, and over 80,000 pine trees have been planted while at least 300 forest acres were improved.

A five-year management plan describing our future activities has been prepared by the Department and submitted to the BIA. A copy can be sent to the Committee if you desire.

We request that the baseline budget of the BIA be increased by $195,000; and to be earmarked to the White Earth Conservation Department for biological management. This, in combination with Band and Tribal funds will cover nearly all management of natural resources and conservation law enforcement on the White Earth Reservation.

Such funding will allow the Tribe to manage the natural resources so that their yield can be increased, thereby improving the economy of the area, and resulting in increased jobs and food to the local people, regardless of their being Indian or non-Indian affiliated. It will also aid in the Reservation's ability to coordinate with the state, and improve the management of the resources previously unregulated and over exploited.

We are hopeful the Committee will honor our request, and appropriate the additional $195,000 to permit the Band to accelerate important work in this vital area.

Indian Health Service (IHS) :

o There is an urgent need for an expanded health center operation on the White Earth Reservation due to increased use by Tribal members. As a result, the IHS facility and program is incapable of providing the quantity and quality of the health care required by the White Earth Tribal members. In keeping with the intent of P.L. 94-437, the Indian Health Care Improvement Act, the White Earth Tribe has actively participated with the IHS in the development and implementation of Tribal Specific Health plans to identify and meet the Health Care needs of our Service area.

The IHS Center is currently housed in one end of the Tribal Community Building in White Earth. The building, an Economic Development Administration (EDA) project constructed in 1972, has 6,683 net sq. ft., and the IHS is leasing space at the rate of $46, 781 annually. It should be noted that outpatient visits have doubled since the clinic was placed in the service 13 years ago.

At our request, the IHS has developed a Program Information Document (PID) which indicates that the current outpatient work-load is 19,220 with a projected increase to 25,760 within the next 8 years. The current and projected work-load indicates a need for a 14,804 net sq.ft. facility and increase in the health service staff from the current 37 FTE's to a total of 71 FTE's.

Recognizing the current budget constraints for new construction, and in the spirit of Self-Determination, the White Earth Tribal Council proposes to secure the necessary funds to construct a new or expanded Health Facility for lease to the IHS under the provisions section 704 of P.L. 94-437.

It is requested that the IHS Appropriations for FY 1986 include approval for the IHS to enter into a 20-year lease for a 14,804 net sq. ft. health facility at White Earth.

It is also requested that the Appropriation allowance for the White Earth Service Unit be increased to cover the additional lease cost, and to provide for a phase-in of the additional health staff as identified in the Program Information Document.

FY 1986 Phase-In Cost :

16 Positions / Start-up Costs	:	$ 96,000
Lease Cost $74,610 - $46,750	:	46,480
Additional Equipment	:	100,000
TOTAL	:	$ 242,480

The Committee's approval of these additional funds will materially strengthen the curative and preventative health services so urgently needed by our Indian people.

STATEMENT OF DARRELL WADENA, PRESIDENT, MINNESOTA CHIPPEWA TRIBE

Mr. Chairman and Members of the Committee, I am testifying today to offer the Tribe's views and recommendations with respect to the FY 1986 Appropriations for the Bureau of Indian Affairs and the Indian Health Service as follows:

Bureau of Indian Affairs (BIA) :

o Johnson-O'Malley Program : We join with our fellow Tribespersons across the Country to request the restoration of funding for this program at the 1985 level of $28,857,000.

It is difficult to understand the Administration's rationale for totally defunding this program for FY 1986 that is community-controlled, that has given support to Federal and Tribal educational efforts and that has served to improve the quality of education for Indian students across the United States.

o P.L. 93-638 Cost-of-Living Increases : Even though Congress has appropriated funds for this purpose in prior fiscal years, the Tribe has not received a share of such funds in those 638 contracts it entered into with the BIA. The BIA proposes to deny 638 employees cost-of-living increases for FY '86. We request two specific actions of the Committee in this regard:

1) That you query BIA officials on its policy and procedures for allocating these funds to 638 Tribal contractors; and 2) that the Committee accept Chairman Udall's recommendation contained in the House Interior and Insular Affairs' Budget recommendation that $3,183,000 be restored to the BIA FY 1986 appropriations for cost-of-living increases for 638 employees.

o Self-Determination Grants : Here again the Administration has undermined the principle of Indian Self-Determination by totally defunding for FY 1986 grants to assist Tribes involved in P.L. 93-638 contracts. Grant funds are vital to permit the contracting Tribes to strengthen their management capabilities to more effectively manage such contract. We concur with

Chairman Udall's recommendation that $4,300,000 be restored for this purpose, and it is our request that your Committee will appropriate this amount.

o Indian Rights Protection Program : Chairman Udall's Committee has recommended the addition of $2,000,000 to develop technical data to support Indian water litigation and negotiations. Given the importance of resolving numerous disputes between Indian and non-Indians over conflicting water claims, we are hopeful the Committee will appropriate these funds.

In the same context, the Tribe believes it important that the Committee be informed of the BIA Central Office's recent unilateral decision to divert elsewhere all but $47,000 of $272,700 FY 1985 Water Policy Funds from the Minneapolis Area. This decision would have jeopardized water quality, water inventory and trust activities carried on in behalf of the Bands and Tribes in the area. Fortunately, we were able to reverse this ill-advised proposal through pressure from our Congressional delegation. To avoid a repetition of the same effort in FY 1986, we ask the Committee to question BIA officials during their forthcoming appearance before the Committee on their policy and procedures for allocating such funds to the various areas, and to seek their commitment that they will not attempt similar moves in FY 1986.

The BIA's submission includes specific funds for White Earth at $76,000; Leech Lake at $49,000; and the Tribe at $66,000. We ask the Committee to appropriate these funds.

While we appreciate the BIA's recognition of our needs in this area, greater financial resources are needed to permit the Bands to fulfill important regulatory, management and enhancement activities by judicial decisions affirming our valuable treaty hunting and fishing rights. We recommend an additional $300,000 for this purpose.

o Housing Improvement Program (HIP) : The Tribe is deeply concerned over the BIA's decision to remove the HIP from the Tribe/Agency budget, and to control the budget from headquarters as a non-banded item. This action has resulted in a percent reduction of HIP funds for the Tribe.

We recommend that the Committee approve bill language directing BIA to transfer the HIP back to the Tribe/Agency budget for FY 1987.

With respect to funding for HIP in FY 1986 we ask that you accept Chairman Udall's recommendation to restore $8,568,000 to this program to raise it to a level more in line with Indian housing needs.

o Indian Health Service (IHS) : The Administration's budget for the IHS, unless substantially increased by the Congress, will fall short of meeting serious Indian health needs throughout Indian Country.

We recommend that the Committee approve the following proposed increases :

*	Cost-of-living increases	:	$25,000,000
*	Community Health Representatives	:	25,480,000
*	Urban Health Programs	:	9,800,000
*	Sanitation Facilities Construction	:	22,400,000
*	Catastrophic Illness Fund	:	12,500,000
*	Tribal Management Programs	:	$ 4,000,000

Mr. Chairman, the Minnesota Chippewa Tribe appreciates the support you and the Committee have provided to various programs addressed to the human and natural resource problems of the Indian people throughout the United

States. Such support has made the difference for a better and much improved quality of life for Indian people, provided meaning and substance to the principle of Indian Self-Determination, and maintained integrity of the Federal Trust Responsibility owing to Indian people.

The Bands and Tribes appreciate the magnitude of the fiscal challenge facing the United States, due in large measure to the enormous deficit, but we are hopeful that you will continue to allocate appropriate funds for vital Indian programs to maintain the progress achieved thus far.

STATEMENT OF JOHN NARCHO, VIRGIL LEWIS, ROSEMARY LOPEZ, AND HARRIET TORO, PAPAGO TRIBE OF ARIZONA

The Papago Tribe of Arizona recommends that Congress make the following changes to the President's Budget request for FY 1986:

(1) An increase of $361,976 for BIA School Operations to enable the new Papago school, Bihinol Du'Ag High School, to begin operations when the school opens in August 1986 (also see FY 1985 request below);

(2) An increase of $290,000 for the Papago Early Childhood Education Program;

(3) An increase for BIA Facilities Improvement and Repair sufficient to expand facilities for severely handicapped Papago children at Santa Rosa Ranch School;

(4) An increase of $9,000,000 for BIA Law Enforcement, with $461,794 earmarked for the Papago Tribe to increase the base program and $250,000 earmarked to replace 24 vehicles;

(5) An increase of $800,000 for BIA assistance for Special Tribal Courts, with $145,000 earmarked for the Papago Tribe;

(6) An increase of $250,000 for BIA Aid to Tribal Governments, earmarked for the Papago Tribe to enable it to implement its proposed new constitution;

(7) An increase of $25,480,000 for the IHS Community Health Representatives Program;

(8) An increase of $4,000,000 for the IHS Tribal Management Program;

(9) An increase of $24,000,000 for the IHS Sanitation Construction;

(10) An increase of $28,857,000 for BIA Johnson-O'Malley assistance; and

(11) An increase of $8,568,000 for the BIA Housing Improvement Program.

In addition, the Papago Tribe urges Congress: (1) to deny the President's request for recission authority for FY 1985 to curtail BIA spending for motor vehicles by $3,076,000; and (2), through an FY 1985 supplement, increase funding for BIA School Operations to provide $29,794 in the fourth quarter to enable the Papago Tribe to begin planning for the opening of the Bihinol Du'Ag High School.

BIHINOL DU'AG HIGH SCHOOL (Papago High). Congress appropriated 9.5 million dollars in FY 85 for the construction of Bihinol Du'Ag High School on the Papago Reservation. Bids for construction will be advertised and a contract awarded soon. Projected completion of construction on the high school is early summer 1986. Funding for start-up operations is requested for: (1) curriculum development; (2) scheduling; (3) budgeting; (4) procurement; (5) recruitment; (6) counselling students and parents during the transition from boarding school to day school; (7) liaison between concerned BIA and tribal education offices during construction; and (8) establishment of a local school board.

SANTA ROSA RANCH SCHOOL EXPANSION: The enrollment at the Santa Rosa Ranch School, which serves severely handicapped children on the Papago Reservation, has increased from 16 in 1981 to 71 in 1985. This increase is due to program expansions, which include special education programs and two additional grades—7th and 8th. The present educational facility cannot adequately accommodate the increased numbers of students. In 1983, the Tribe and the BIA Papago Agency Education Office submitted an application for the construction of additional classrooms, expanded kitchen, office, and homeliving facilities, and a multipurpose/media center. The Tribe notes that the BIA, in its FY 1986 Budget Justification, makes no reference to the needs of the children at the Santa Rosa Ranch School. The Tribe has not been furnished an estimate by the BIA of the cost of improving the facilities.

EARLY CHILDHOOD: The Bureau of Indian Affairs has failed again to develop educatonal standards which include pre-kindergarten programs. Funds for early childhood programs have been unreliable and ended in FY 84 when Congress determined such programs could be funded under social services funds. It is proposed that funds be earmarked for pre-kindergarten programs with a renewed mandate to the Bureau of Indian Affairs to develop the educational standards as required by the 1978 Education amendments and to include standards for pre-kindergarten programs.

LAW ENFORCEMENT: The Papago Tribe has developed a model law enforcement program since taking over from the Bureau of Indian Affairs in 1982. But, in an area that spans 4,000 square miles, where the roads are unpaved or unimproved, where the people live in villages scattered all over the reservation, police patrol is hindered and very difficult. Ninety miles of international boundary pose additional law enforcement problems ranging from cattle rustling to drug trafficking. The Papago Tribe requested additional funds during the FY 85 contracting period with no response from the Central Office. The Phoenix Area has advised the Tribe of an additional $87,700 resulting from the FT 85 Congressional add-on for law enforcement to bring all law enforcement programs at least halfway to the exemplary level. The Tribe has requested a recomputation of the Papago Tribe's share of the add-on on the grounds that the Area Office did not utilize the criteria required by Congress. The Papago Tribe proposes an additional $9 million for law enforcement to continue the effort to bring all law enforcement programs halfway to the exemplary level. Of this amount, it is proposed that $461,794 be earmarked for Papago to increase the current base as requested by the Papago Council in July 1984 and $250,000 to replace 24 vehicles purchased 1982/83.

TRIBAL COURTS: The Papago Tribe undertook an ambitious reorganization of its judicial system. The most important reason for this effort is the expected passage of a new Tribal constitution calling for the separation of power between the legislative, executive and judicial branches of government. The reorganization task will focus on eight areas, with the primary objective of developing management and procedural policies in each area. The administration workflow of the judicial system will be clearly separate from the judicial functions of the Court. Judges will perform only judicial functions, leaving administrative details to the Court Administrator. Related areas of prosecution and client advocacy will also be separate and distinct from the judicial function.

The Tribe contracts for judicial services funds, which provide moneys for program support and some staff support. These funds are not adequate and supplemental funds from other sources are often needed and requested. The Bureau of Indian Affairs has proposed $200,000 to fund those tribes desiring to reorganize their judiciary into an independent judiciary. We support the request but recommend a larger amount of $1,000,000 with $145,000 earmarked for the Papago Tribe.

AID TO TRIBAL GOVERNMENTS: The Papago Tribe, like many other tribes, organized its government under the Indian Reorganization Act of 1934. Like many other tribes it adopted as its constitution the Bureau's boilerplate model constitution. No substantive or technical amendments have been made to the 1937 Papago Constitution in spite of the need for drastic changes. A draft constitution has been prepared and has been approved by the Tribal Council. The constitution calls for the separation of powers. It is expected that this separation of powers will require a transition period within which the three levels of government will establish their respective boundaries. The Tribal Council has already authorized the Judiciary to begin this transition by authorizing a court reorganization project which began October 1984. The legislative and executive branches of government will also require an orientation and transition period but one that is relatively shorter. The Bureau supports the concept of the separation of powers but has not requested the necessary funds to enable those Tribes desiring such change to amend or revise their respective constitutions. It is proposed that the Bureau have available adequate funds for transition or planning to support Tribes that are revising or amending their constitutions. It is further proposed that $250,000 be earmarked for the Papago Tribe to implement the mandate of its new constitution when adopted.

STATEMENT OF LOU STONE, COLVILLE BUSINESS COUNCIL, COLVILLE CONFEDERATED TRIBES

Mr. Chairman, members of the Committee, on behalf of the Colville Confederated Tribes I wish to thank you for the opportunity to present this testimony. We believe that the following changes to the President's budget for the BIA are necessary to meet the responsibility of the BIA to the Colville Confederated Tribes for F.Y. 86:

1. Consider the provision of additional BIA funding in order to operate and maintain the Inchelium Ferry on the Colville Reservation.

2. Earmark BIA funds to the Colville Confederated Tribes to allow completion of the Water Inventory which will identify the irrigable acreage on the reservation.

3. Provide $25,480,000 for the IHS Community Health Representatives Program.

4. Provide $4,000,000 for the IHS Tribal Management Program.

5. Provide $24,000,000 for IHS Sanitation Construction.

6. Provide $28,857,000 for BIA Johnson-O'Malley assistance.

7. Provide $8,568,000 for the BIA Housing Improvement Program.

Inchelium Ferry and Roads Maintenance

We urge the Committee to consider solutions to the costs associated with the Inchelium Ferry. Action is necessary to correct the unfairness of the present allotment of funds. BIA Central Office budgeting has failed to provide adequately for the costs of operating the Inchelium Ferry. This failure has resulted in serious and unwarranted erosion of funding for other banded programs on the Colville Reservation.

The Inchelium Ferry, purchased by the BIA in 1981, provides vital service across Lake Roosevelt and links the Colville Reservation and Ferry County roads system with roads of Stevens County and northeast Washington State. The ferry was made necessary by reason of construction of the Grand Coulee Dam. A majority of the ferry passengers are non-Indian. To the best of our knowledge no other tribe in the United States is saddled with the responsibility of operating a ferry system. The uniqueness of the Inchelium Ferry might explain in part the BIA's failure to adequately provide for its operation.

To cover the cost of operating the ferry, $225,000 was added to the Colville Agency base in 1981. The costs of operation, however, have sky-rocketed, owing primarily to the increased fuel cost; but there has been no corresponding increase to the Agency base to cover the increased costs. As a result, the Colville Indian Agency has been forced to reduce expenditures on the regular banded programs each year since 1981. In 1984 this reduction equals $215,000. The Colville Agency estimated it will spend $430,000 in FY 85 as compared to the $250,000 in 1981. None of these reductions to meet the Ferry commitment have been covered by increased funding to Colville.

The loss of funds to the operation of the ferry has had a particularly adverse effect on roads maintenance. While road maintenance costs have also climbed, the funds available to respond to the problems have been reduced as funds are siphoned off to operate the ferry. For example, roads maintenance in 1982 was $625,000, where as in 1984 BIA spent only $538,000 - less than required to meet minimum maintenance standards.

Because of the expected increased cost of ferry operations and the inability of the Agency to further reduce expenditures for other vital programs, reservation roads are deteriorating rapidly; snow removal has been curtailed; inventories of culverts, tires, and batteries have been depleted; and an inoperable sander ($5,500) has not been replaced.

The Colville Business Council believes that current BIA budgeting practices have inadvertently worked a severe hardship on the Colville Tribes and on the Indian and non-Indian citizens who depend on the reservation road system. Congress must act to correct the problem.

Funding of Soil Conservation Study

The Colville Indian Reservation is a water poor land where full development of agricultural resources has been long impeded owing to the absence of an adequate water inventory. In 1980 through FY 85 the Tribes received federal funding under the BIA 10-year water plan to undertake a water inventory on the reservation. That study would be completed in 1986. However, no funds to allow for the study's completion have been identified in the President's 1986 budget request. The Colville Confederated Tribes requests that Congress consider earmarking needed funds in the 1986 budget to complete the water inventory.

The purpose of the water inventory is to identify all irrigable acreage on the reservation and to determine what agricultural programs would be most appropriate for each area identified. The semi-arid climate and mountainous terrain dictates that available water be diverted to the highest and best use. The study is of critical importance for the Colville Reservation because much of the prime farm land on the reservation was taken for the construction of Grand Coulee and Chief Joseph federal Dams. Completion of the water inventory will allow marginal lands and unused lands to be reclaimed by tribal members, providing needed industry and employment for members. The study's completion will also provide needed information to assist in the cooperative resolution of water rights issues on the reservation.

The study now is 80% completed. Almost 95% of the field work is finished and we expect all field work to be completed by the end of FY 85. However, without completion funding for FY 86 the data collected will be useless. The additional and final assistance will enable the data compiled from the field work to be put into a form that will be useful to the Tribes and the Department of Agriculture, which has, through the Soil Conservation Service, acted in partnership with the Tribes throughout the project.

In order to complete the inventory without serious interruption, funds should be made expressly available on October 1, 1985 so that the services of the Soil Conservation employees and the staff working under the Tribe's 638 contract can continue to do their jobs without risk of the BIA halting operations pending the issuance of an advice of allotment.

Indian Housing Program

In 1980 there were 1,765 substandard homes out of a total of 2,183 houses on the Colville Reservation. We expect the number to continue to be significant when a new survey is completed in May, 1985.

If Housing Improvement Program funds are discontinued there is no alternative source of funding to upgrade these houses. Unemployment now exceeds 60% among Indian reservation residents. On the reservation there are now 2,320 persons living below the poverty level in 539 households (4.3 in each household). There is, therefore, little likelihood that their housing needs will be corrected without continued federal assistance.

Major problems in reservation housing include, uninsulated houses, substandard or nonexistant electrical service, the need for rewiring, rotting kitchen and bathroom subfloors, overcrowding that requires bedroom additions, and lack of water. These problems are exacerbated on the Colville Indian Reservation where temperatures are extreme, sometimes reaching well below zero in the winter.

Thank you once again for the opportunity to testify.

LETTER FROM IVAN GAMBLE, PRESIDENT, KOOTZNOOWOO, INC.

April 12, 1985

The Honorable James A. McClure
Chairman,
Subcommittee on Interior Appropriations
Senate Appropriations Committee
U.S. Senate SD 114
Washington, D.C. 20510

Dear Chairman McClure:

The purpose of this letter is to seek a FY86 appropriation of $750,000 to the Department of the Interior, Bureau of Indian Affairs, as authorized by Section 506(d) of the Alaska National Interest Lands Conservation Act (ANILCA), Pub. L. 96-487.

We request that this letter be included, as appropriate, in the hearing record. Under Section 506(d), Congress authorized $2,000,000 for reimbursement of reasonable and necessary costs associated with determining the validity of land withdrawals on Admiralty Island and identifying suitable lands for exchange outside Admiralty Island. Section 506(d), in relevant part, states:

> In recognition of the considerable land selection costs incurred by Shee Atika, Incorporated, Goldbelt, Incorporated and Kootznoowoo, Incorporated, in determining the validity of land withdrawals on Admiralty Island under Section 14(h)(3) of the Alaska Native Claims Settlement Act, and in identifying suitable lands for exchange outside Admiralty Island, the Secretary of the Interior shall reimburse those corporations for such reasonable and necessary land selection costs, including all costs for negotiating land exchangings, court costs and

> reasonable attorney's fees and consultant's fees, incurred prior to the date of conveyance of land to such Native corporations.

To date, $1.25 million of the $2 authorization has been appropriated. That entire sum has, in turn, been paid out by the Department for audited and approved reimbursements.

In addition, however, there is a total of $439,738 in costs which have been audited and approved (April 6, 1984) by the Department, but not reimbursed to two remaining native village corporations, Kootznoowoo, Inc. and Shee Atika, Inc. A table summarizing this situation follows:

ANILCA SECTION 506(d) REIMBURSEMENTS

	Goldbelt	Kootznoowoo	Shee Atika	Total
Approved	$434,016	$625,744	$729,678	$1,689,438
Paid	$434,016	$291,734	$523,950	$1,250,000
Balance Due	-0-	$334,010	$105,728	$439,738

And finally, there are two recent Interior decisions respecting reimbursement that require, at a minimum, the full appropriation of the $750,000 remaining authorization.

The first is a supplemental claim by Kootznoowoo, Inc. in the amount of $1,010,064. The Office of Inspector General completed an audit on March 12, 1985 and approved $579,838 of this supplemental claim.

The second consideration is that on March 18, 1985, the Solicitor revised a prior opinion to take the position that interest expenses on funds borrowed or advanced to specifically cover costs related to securing land selections would be costs allowable to the Corporations and distinguishable from interest on claims.1/ All three corporations will benefit from the Solicitor's decision. Kootznoowoo, Inc, for example, listed $200,170 in interest costs in its supplemental claim alone.

In spite of what seems clearly to be a legal obligation of the Department under Section 506(d) of ANILCA, and one upon which these small Native corporations relied, the Department has not seen fit to request the remainder of the authorized amount in either FY85 or in FY86.2/ We must appeal to you for assistance.

1/ Initially, the Solicitor disallowed the corporation's interest claims because "it is well settled that the Government is not liable for interest on claims." Memorandum of January 12, 1983.

2/ According to our best information, in FY 1982, $750,000 was made available ($500,000 by direct appropriation, and $250,000 from funds appropriated for group grants which were available because there were no formal grant applications submitted). In FY 1983, $500,000 was appropriated.

We are, of course, very disappointed that the administration did not see fit to request funds in the FY86 budget to meet these obligations. Still, we believe it is both fair and prudent for such funds to be added by Congress to the appropriation.

In view of the facts: that no appropriated BIA funds now remain for this reimbursement under Section 506(d); that $439,738 in audited and approved claims await only appropriations; that Kootznoowoo, Inc. has $579,838 in audited supplemental claims and; that there are interest costs yet to be determined by the Department, but owing to all three corporations, we respectfully request that the amount of $750,000 be added to the BIA appropriation for these purposes.

Your consideration of this matter is greatly appreciated.

Sincerely,

Submitted on behalf of
the Corporation by
Guy R. Martin
Perkins Coie
1110 Vermont Avenue, N.W.
Suite 1200
Washington, D.C. 20005

Ivan Gamble
President
Kootznoowoo, Inc.

STATEMENT OF S. BOBO DEAN, HOBBS, STRAUS, DEAN & WILDER

Our clients, the Rock Point Community School Board and the Borrego Pass School Board, were originally scheduled as witnesses for the April 3 hearing on the Bureau of Indian Affairs appropriation for F.Y. 1985. They wished to express their intense concern at new BIA guidelines issued on January 3, 1985. As Bureau staff explained the new guidelines to us, they were intended to focus BIA financial support for bilingual education programs almost exclusively on so-called "fast track to English" programs to the exclusion of other approaches to bilingual education so that only rarely could the continuation of a BIA bilingual program after the third grade be justified.

The Bureau has withdrawn the January 3 guidelines and plans to issue proposed changes in its regulations governing this matter. We are pleased that the Bureau has decided that such a significant change in the Bureau educational program should be made only after consultation with Indian communities, notice and comment. The guidelines clearly deviated from the existing regulations governing entitlements under the Indian School Equalization Program and curtailed the rights of our clients under P.L. 93-638 and P.L. 95-561. See 28 U.S.C. §2008 and 25 CFR §39.22(g).

We have been asked by our clients to express to your Subcommittee in writing our concern that the Bureau's explanations of the proposed change thus far demonstrate a failure to appreciate the needs of the Indian children served by the Rock Point and Borrego Pass schools, as well as a lack of knowledge of current indications of Congressional intent as to federal financial support for bilingual education programs. We urge that your Subcommittee monitor the Bureau's actions in this matter to ensure that changes are not made in regulations governing the distribution of such funds which curtail the ability of locally-controlled Indian school boards to develop and operate innovative bilingual education programs adapted to the needs of the children they serve.

In our discussions with Bureau staff, they have made three points to justify the changes. First, they rely on evidence of Congressional intent that federal bilingual education funds should be concentrated on "fast track to English" programs. We find no basis for this conclusion either in bilingual education legislation, itself, or in the legislative history. The ISEP funds are, of course, subject to statutory requirements of P.L. 95-561, cited above. That Act also requires the Bureau to adhere to the Secretary's Indian Education Policies which requires the Bureau to provide for "a comprehensive multicultural and multilingual education program ... that will reinforce, preserve and maintain Indian and Alaska Native languages, cultures and histories, which school boards, Tribes and Alaska Native entities may utilize at their discretion." See 25 U.S.C. §2013; 25 CFR §32.4(h). Public Law 95-561 also mandates that "it shall be the policy of the Bureau, in carrying out the functions of the Bureau, to facilitate Indian control of Indian affairs in all matters relating to education." 25 U.S.C. §2010.

Thus, we find no provision of the statute under which Indian school boards receive allocations of funds from the Bureau for bilingual education which supports the Bureau's position. Indeed, the statute appears to encourage Indian communities through their elected school boards to make their own judgments as to the approach to bilingual education which will best serve their students.

The Bureau argues, however, that provisions of P.L. 98-511 enacted on October 19, 1984 are now determinative as to how ISEP bilingual funds may be used because this statute reflects a more recent legislative intent. Of course, P.L. 98-511 pertains to the bilingual education program of the Department of Education and says not a word about the requirements of funding BIA schools under ISEP. However, we have looked closely at the 1984 legislation and its legislative history and determined that it simply does not have the effect for which the Bureau argues.

The statute, itself, is quite specific in encouraging various methods in bilingual education and the adoption of innovative strategies by local school boards. Section 702 of the amended Bilingual Education Act declares the policy of the United States to encourage "educational programs using bilingual educational practices, techniques and methods," and provides:

> Such programs shall be designed to enable students to achieve full competence in English. Such programs may additionally provide for the development of student competence in a second language.

Section 721 authorizes grants for seven types of programs. One of these is "transitional bilingual education." Such programs are defined in section 703 as:

> a program of instruction, designed for children of limited English proficiency in elementary or secondary schools, which provides, with respect to the year of study to which such program is applicable, structured English language instruction, and to the extent necessary to allow a child to achieve competence in the English language, instruction in the child's native

> language. Such instruction shall incorporate the cultural heritage of such children and of other children in American society. Such instruction shall, to the extent necessary, be in all courses or subjects of study which will allow a child to meet grade promotion and graduation levels.

A second type of bilingual education program authorized for funding under P.L. 98-511 is "developmental bilingual education." This program is defined in section 703 as:

> a full-time program of instruction in elementary and secondary schools which provides, with respect to the years of study to which such program is applicable, structured English language instruction and instruction in a second language. Such programs shall be designed to help children achieve competence in English and in a second language, while mastering subject matter skills. Such instruction shall, to the extent necessary, be in all courses or subjects of study which allow a child to meet grade promotion and graduation standards.

These are the types of programs which the Rock Point and Borrego Pass School Boards have operated for the past decade. These schools are located in isolated communities on the Navajo Indian reservation in which the primary language in the community (and not only in the home) is Navajo. These communities learned in the past from their own experience the fallacy and inhumanity of the old Bureau technique of teaching English by punishing children for speaking Navajo. The outstanding success of the use of Navajo as a language of instruction has been fully demonstrated by the academic records of the graduates of these schools -- with which your Subcommittee is already aware and as to which testimony was presented by the Rock Point School Board to the House Education and Labor Committee at its hearing last year on H.R.11.

Apparently, the Bureau believes that Congress meant to encourage the "fast track to English" by including in Public Law 98-511 permission for an "alternative program" in which a second language is not used when a true bilingual program is not practical due to the small number of students of a particular native language. This so-called "immersion" method, however, is limited to four percent of existing appropriations.

Furthermore, the legislative history (as well as the face of the statute) makes crystal clear that Congress did not mean to phase out bilingual programs using a second language as the language of instruction and that it meant to increase, not decrease, the discretion of local school boards in selecting the most appropriate bilingual education strategy for their children.

Congressman Bartlett stated on the floor of the House:

> The compromise expands the scope and flexibility of the Federal bilingual effort through the creation of new grant programs and for the first time allows Federal dollars to be spent in support of alternative instructional approaches. At the same time, it allows for the continuation of the proven transitional method of instruction. Even where the transitional methods are used, local school districts design the programs and determine the extent to which instruction will be provided in native languages. 130 CONG. REC. H7781, 1984

Congressman Garcia stressed that the bill allowed:

> Federal dollars to be spent in support of alternative instruction approaches to bilingual education while continuing support for the basic transitional method. This compromise ... provides flexibility to school districts serving large numbers of language minority students. 130 CONG. REC. H7782, 1984.

Congressman Coleman noted that 4% of current monies may be used for:

> alternative education in which the use of the native language is not required. With this provision, flexibility and exploration into alternative approaches for teaching students are encouraged, without jeopardizing existing programs. 130 CONG. REC. H7783, 1984.

Secondly, the Bureau relies on what it states is the current position of the Department of Education -- that bilingual funds must be used for "fast track to English" programs. We are told that DE is in the State of Texas seeking to recover funds which have been spent by local boards on other types of bilingual education. We understand that these are the same audits which have been severely criticized by the Comptroller General of the United States in a report dated December 14, 1984 (GAO/AFM d-85-6). Apparently, DE auditors misinterpreted legal requirements and failed to obtain legal advice as to some of these audits. We question whether these "Texas audits" should be relied on to the extent which the Bureau apparently does as to the current federal position in bilingual education policy.

Finally, we have been provided with an audit report of the Interior Inspector General, dated September 1984, on which the Bureau also relied in developing the new guidelines. Essentially, this report criticizes an alleged inequity in the allocation of bilingual funds due to different interpretations by local schools and blames a lack of specificity in present Bureau ISEP regulations as to the purposes for which bilingual funds may be used and the additional availability of DE funds for bilingual education in some BIA-funded schools. The IG is disturbed that some schools count all of their children for BIA "bilingual" formula funding while others do not.

We find the Interior IG's report entirely unconvincing and shockingly superficial. The Interior IG seems unaware of the diversity of needs based on the different historical and cultural situations of various tribal communities served by the Bureau. The IG appears more concerned at achieving superficial mathematical "equity" than in providing a program which meets the needs of the various communities served and allowing for local control as mandated by the Congress. The requirements for burdensome documentation to discourage bilingual programs beyond the third grade as proposed by the Bureau is based on the IG's recommendation. It is well to note, however, that the IG proposed a clarification in regulations, while the Bureau moved to implement guidelines in clear conflict with the existing regulations (prior to its recent revocation of those guidelines).

We submit that the Interior Inspector General is probably not qualified to evaluate the respective needs of Indian children for bilingual programs or to evaluate alternative approaches to meeting those needs. We submit that the Department of the Interior could more effectively carry out the Congressional mandate and meet its responsibilities to Indian children by studying the various approaches now being utilized to determine their relative effectiveness in meeting the needs of children and by making such studies available to Indian tribes and communities, Indian school boards and the Congress. Such studies should, of course, compare comparable student populations and continue over a time-period sufficient to provide relevant data on the performance of children from non-English speaking communities as to which different strategies of bilingual education have been employed.

The IG's report, itself, demonstrates that there are extremely significant linguistic and cultural differences among Indian communities served by Bureau schools. In addition, we find no legal basis for the Inspector General's obvious hostility toward allowing local schools to assess the need for continuing bilingual programs beyond the third grade. Why should that important local question be decided in Washington, D.C., especially when the Bureau is under a statutory mandate "to facilitate Indian control of Indian affairs in all matters relating to education." 25 U.S.C. §2010 (1983).

We appreciate the opportunity of presenting these views and respectfully request that they be included in the record of your hearing on the F.Y. 1986 appropriation for the Bureau of Indian Affairs. We urge that your Subcommittee monitor the Bureau's plans to change the existing ISEP regulations and ensure that Indian communities not be deprived of the right which they presently enjoy to establish bilingual educational programs adapted to the needs of their children and to implement those programs using funds provided by the Bureau.

STATEMENT OF QUILEUTE TRIBAL COUNCIL

Quileute Tribal requests for Congressional consideration include:

- Report language to establish the fisheries contract base at the FY84 and 85 levels of	$461,500
- Establishment of a Fisheries Technical Services Division for cooperative management and long term planning with Federal/Regional/State/Agencies	$ 97,500
- Construction/renovation of Lonesome Creek Hatchery to double production (one time funding)	$231,500
- Construction/renovation of Swede Hole Rearing Pond to double production (one time funding)	$224,000
- Restore administratively proposed $347,000 BIA hatcheries O&M appropriations reduction to FY85 levels	
- BIA supplement to Tribally supported law enforcement	$ 50,000
- Additional 66 housing units	
- Restore Tribal indirect cost funding to FY85 levels necessary	
- Establish grievance/resolution procedures for BIA indirect cost negotiations	
- Restore appropriations to FY85 levels for IHS-CHR; BIA-JOM; EDA-economic development programs; HUD-Indian housing	
- Provide BIA Indian Child Welfare appropriations for all Tribes	

The Quileute Indian Tribe, located at the mouth of the Quileute River on the Pacific Coast of the Olympic Peninsula, manages a net fishery and limited ocean commercial fisheries for seven stocks of Steelhead, Chinook, and Coho Salmon. The natural river harbor serves a local Coast Guard Station, an active commercial/recreational boat mooring, and offers future economic development potential. The Tribal residential population relies primarily on commercial fishing and ocean-related support industries for employment.

The Quileute fisheries management and hatcheries O&M base budget has been established at $461,500 since FY84 and confirmed at that level by the BIA. The BIA has alternated between confirmation and denial of a $35,000 amount on the base for the past 20 months. We request committee language to firmly establish the Quileute fisheries program based at the FY85 level of $461,500 for FY86.

The Quileute River, six miles long from the mouth to the confluence of the Bogoschiel and Soleduck Rivers, is co-managed by Tribal and State technicians for mixed stock of anadramous salmon. The Quileute River serves as a data management fishery to determine harvest levels of Pacific Coast commercial/recreational fisheries. With additional responsibilities for data-gathering and analysis to effectively implement the U.S.-Canada Salmon Treaty, the Tribe requests committee consideration of establishing a Technical Services Division to improve Tribal long range planning and technical cooperative management with Federal/Regional/State/Tribal and International management entities. The required technicians, supplies, equipment, and subcontracts total $97,500.

The on-reservation Lonesome Creek Hatchery, serving the entire Tribal hatchery program for egg-gathering/incubation and initial rearing operations, produces a capacity 50,000 yearling Coho and Steelhead. Proposed facility renovation and construction could feasibly expand production to 150,000 yearling fish to the benefit of Tribal, ocean commercial/recreational, and river sport fisheries. The construction activities would include building a 40 foot diameter rearing pond; channelize a stream section for adult salmonid holding pond; erect two diversion dams; purchase two portable raceways; and, construct a water collection/mixing structure at a one time construction cost of $231,500.

The off-reservation Swede Hole Rearing Pond, currently utilized to rear up to 500,000 Chinook fingerling, is proposed for major renovation to accommodate up to one million fingerling at a one time cost of $224,000. Construction includes site excavation and building of an access roadway/dike, preparation of an overflow maintenance valve system, and the purchase/installation of bird netting. A more detailed description of the proposed Technical Services Division and capacity expansions for the Lonesome Creek Hatchery and Swede Hole Pond is enclosed to further justify these appropriations requests.

The administration has proposed an appropriation reduction of $347,000 for BIA Tribal hatcheries O&M programs in FY86. These hatchery programs produce almost one-fourth of the salmonid released in Washington State for all user groups, Indian and non-Indian. We request committee restoration of this proposed reduction.

The port of Port Angeles further North on the Olympic Peninsula coast managed the Quileute port from 1957 to 1982. The Quileute Tribe assumed port management in late 1982 assuming control of facilities in poor condition. Based on a 1980 Washington State University technical assessment of facilities improvement requirements, the Tribe requests consideration of a one time construction/renovation expense of $240,000 for facilities, pilings and float repair/replacement, and electrical improvements.

The Tribe currently receives no BIA support for law enforcement and spends $35,000 of its own resources to maintain a minimum law enforcement capability with part time officers and used equipment. The Tribe is caught in the classic administrative vacuum as the BIA claims the Tribe is subject to P.L. 280 local jurisdiction and the local county assumes no jurisdiction for the

Tribal population residing on 220 acres rightfully restored to the Tribe by the National Park Service. A BIA $50,000 law enforcement contract would stabilize Tribal law enforcement capacity, reduce current turnover rates, and improve enforcement equipment.

The Quileute Reservation is geographically isolated and has virtually no available housing for either purchase or rental. Based on an FY84 survey of existing housing needs, the Tribe is requesting administrative consideration of sixty-six rental/purchase units to meet Tribal membership shelter needs.

The Tribe is currently experiencing extensive indirect cost difficulties as the BIA shifts in FY85 from separate contract support funds to a Congressionally-directed lump sum contract approach. The five percent nationwide indirect cost reduction has forced the Tribal administration into a management dilemma regarding maintaining the negotiated indirect cost level and reducing program expenses creating an indirect cost over-recovery or reducing indirect costs creating an indirect cost under-recovery; both situations subject to Inspector General penalties. Also, the BIA has determined the FY85 indirect coast base on FY84 programs. As the Tribe had extensive fisheries construction and capital equipment costs not subject to indirect cost allocations in FY84, the BIA maintains the lower indirect cost level for FY85 disallowing justifiable indirect cost program increases. We request a restoration of indirect cost appropriations to actual need in FY86 and report instructions clarifying the need for grievance/resolution procedures and a multi-year level estimate for Tribal indirect cost negotiations.

In conclusion, we request that the two proven effective BIA/IHS programs of JOM and Community Health Representatives be restored to FY85 levels. Tribal governments have no alternative for drug diversion and juvenile delinquency and dropout prevention other than JOM; the CHR health promotion and disease prevention efforts have proven effective for Tribal peoples. Although not subject to committee jurisdiction, Federal assistance through the Economic Development Administration from EDA and Indian Housing through HUD should be restored to FY85 levels rather than eliminated as proposed by the administration. And BIA-administered Indian Child Welfare appropriations should be provided to improve nationwide Tribal operations in this most important area.

We appreciate your attention and consideration to this statement submitted by the Quileute Indian Tribe.

STATEMENT OF ROGER BORDEAUX, EXECUTIVE DIRECTOR, ASSOCIATION OF CONTRACT TRIBAL SCHOOLS

Mr. Chairman and members of the Committee, I would like to thank you for the opportunity to let us testify before you concerning the FY 86 Department of Interior's Budget Justification for the Bureau of Indian Affairs.

My name is Roger Bordeaux, I am the Executive Director for the Association of Contract Tribal Schools. A.C.T.S. provides advocacy, training and technical assistance to tribes and tribal organizations which have or are interested in contracting with the Federal Government to control the education of their tribal members at the elementary and secondary level. Testifying with me is, Anita Phoenix, the school board chairperson of the Pyramid Lake High School on the Paiute Reservation in Nevada and the President of A.C.T.S.

We are here to request an increase in the B.I.A. appropriations for FY 86 in the Amount of $27,158,798. The Activity breakdown is as follows:

ACTIVITY: EDUCATION	$ 5,925,188
ACTIVITY: INDIAN SERVICES	$ 124,685
ACTIVITY: FACILITIES MANGAGEMENT	$ 1,118,916
ACTIVITY: CONSTRUCTION	$20,000,000
	$27,158,789

Along with this figure we are also requesting an FY 85 Supplemental in the following activity:

ACTIVITY: EDUCATION
Subactivity: School Operations
Program Element: E Student Transportation $ 2,924,000
$.43/mile X 6,800,000 miles

Mr. Chairman and members of the Committee there has been recent questions, studies and inquiries concerning the effectiveness of programs being operated by tribal school boards. We would like to share with the Committee some success stories before we justify our increase in appropriations.

The Ojibwa Tribal School in Belcourt, North Dakota completed a comparative analysis of their Spring 1984 SRA Achievement Series test scores. Their results in grades K-8, as compared to other BIA Schools in the area, are on the average 9 national percentile points higher. Their composite scores (Reading, Math and Language Arts) for the total school population in the Spring of 1984 was at the 43rd percentile. Twenty-three percent of all of their students were above the 86th percentile. Basically when a student scores above the 38th percentile they are within the national average range.

The Pierre Indian Learning Center in Pierre, South Dakota is operated for 15 tribes in the Aberdeen Area. They have been operating a Scouting Program for many years and have the largest Explorer Scout Troop in the State. In 1982, they entered into an agreement with the Badlands National Park to assist the Park in the annual Big Horn Sheep Census, wilderness area surveys and other projects. Individual scouts have received certificates, badges, and other recognition awards from the Park Service. The troop has led area scout troops and Civil Air Patrol Squadrons on hikes in the Badlands and this year they will be doing the same for troops and squadrons from other states. Last year, Post 279, Wambli Zi (Golden Eagle) received the Tom C. Clark Award which is a National Award for outstanding service to the community or the area. Fewer than 20 scout units received this award.

Wishing to see how its own students compared with those in nearby public schools, Rock Point administered the California Achievement Test, (CAT) which the State of Arizona uses. While they are certainly not conclusive, these results raise some important questions about some of the "conventional wisdom" concerning Navajo education.

They call into question the presumed academic superiority of state-operated public schools for Navajo and other Indian students. While it may be true, elsewhere, that some Indians are "doing better" in public schools, this probably has more to do with pre-entry factors than what these schools themselves do to and for the students.

The results also call into question the efficacy of credentialing to insure quality in Navajo and Indian education. State standards in the superintendent's office, accreditation in the principal's office, and certificates in each teacher's classroom do not magically cause or effect academic achievement.

The Rock Point community saw the Indian Self-Determination Act as an act of faith that Indian parents are able to recognize improvement in their child's education, will not knowingly vote against their own child's interests, and can learn, a century late, to operate schools.

The Sac and Fox Settlement School located in Iowa was contracted in 1981. The School was orginally operated by the Bureau of Indian Affairs and then by the South Tama Public School System. The first year of contracting saw 48 students in the system in grades K-4. The enrollment in the 1984-85 school year is 95 students in grades K-5. The Mesquaki people are trying to develop a well rounded program to educate their children. Since the school went contract, there has been a considerable amount of interest in education on the settlement. The school has been expanding every year to meet the needs of the community and the Tribe. The Bureau will not provide adequate space and has vertually cut off funds for program expansions.

On January 11, 1985, Sergeant Todd Zephier was killed in a military accident in Germany. Sergeant Zephier was a 1980 graduate of Marty Indian School on the Yankton Sioux Reservation in South Dakota. While in High School, Todd received various awards, including the award for Academic Excellence (2 years), Elsie B. Carey Award for Character, attended the Presidential Classroom for Young Americans, various athletic awards, Homecoming and Prom King, and Valedictorian. A quote in the Lake Andes Wave said "Todd exemplified the Marty spirit of caring and effort". A letter to the Zephier family from Major Craig Zachariasen, 84th Field Artillery, states, "It is due to young Americans such as Todd that our Country is free to prosper and grow safe from the attacks of our enemies". Todd is only one example of students who attend Tribal Schools across the nation.

Lema LaPointe, a 1983 graduate of St. Francis Indian School on the Rosebud Sioux Reservation in South Dakota, is another example of an outstanding student from a tribal school. While at St. Francis, Lema participated in student government, community service work, and was State discus champion for 2 years. She attended Phillips Academy for two summers at Hanover, Massachusetts. Lema maintained a grade point average of over 3.75 in High School and was the Valedictorian during graduation. She was so well respected by the communities and students who use the school that she was asked to be a guest speaker for the graduating class of 1984. Lema is currently attending Mary College, a private school in Bismarck, North Dakota and is maintaining a 3.00 grade point average. She has received some scholarships including the Artichoker Scholarship for outstanding over-all performance and potential contributions to her tribe. Lema was provided all of her elementary and secondary education at St. Francis Indian School, which was originally started at the request of Chief Spotted Tail in 1886. The two main education facilities were built in the pre-World War I era. They are currently defined by various BIA funded studies as "antiquated, delapitated, deteriorated, structually unsound, functionally inefficient and "tired"."

With these successes and countless others it puzzles us as to why the Bureau has proposed some significant budget changes which in effect stiffle self-determination and local control in all matters pertaining to education.

I would like to justify the increases as proposed in my opening statements by Program Element.

		Amount Requested
1.) ACTIVITY : EDUCATION		
Subactivity: School Opeartions		
Program Elements:		
A. Indian School Equalization Formula		$3,179,900
B. Education Standards		887,400
D. School Boards Training Fund		31,000
E. Student Transportation		1,564,000
G. School Operations Contract Support		262,888
	Sub-Total	$ 5,925,188
2.) ACTIVITY : INDIAN SERVICES		
Subactivity: Self-Determination Services		
Program Element : C. Contract Support	Sub-Total	$ 114,685
3.) ACTIVITY : FACILITIES MANAGEMENT		
Program Element B. Facilities Operation and Maintenance		1,099,200
C. Facilities Operation and Maintenance Contract Support		19,716
4.) ACTIVITY : CONSTRUCTION	Sub-Total	$ 1,118,916
Subactivity: Building and Utilities		
Program Element: A. Education Construction		$10,000,000
D. Facility Improvement Repair		$10,000,000
	Sub-Total	$20,000,000
	TOTAL	$27,158,789

Mr. Chairman, the above FY 85 supplemental and FY 86 increase in Appropriations for the Bureau of Indian Affairs are requests which effect BIA funded elementary and secondary schools.

The tribes and tribal orgnaizations that operate J.O.M. Programs, elementary, secondary, and post-secondary schools are implementing the expressed wishes of Congress which is to facilitate Indian control of Indian affairs in all matters relating to education. Therefore, we would like to lend our support for the restoration of the J.O.M. Program including $1,130,000 for Tribal School children as was the case prior to FY 83 and the amount requested by the American Indian Higher Education Consortium for the Tribally Controlled Community Colleges.

The Administration of the Federal Government in the 1980's has attempted to use the legislative and regulatory process to suffocate the Indian self determination movement and the wishes of Congress.

The following major initiatives elude to these actions:

1.) The attempted elimination of the Title IV Indian Education Act Program.

2.) The attempted elimination of the Impact Aid Program.

3.) The proposed elimination of the J.O.M. Program.

4.) The initial veto of the Tribally Controlled Community College bill because of language pertaining to education as a trust responsibility.

5.) The forced or attempted closure of BIA and contract schools which circumvents tribal consultation policies.

6.) The continued waiver for the BIA for the Vocational Education Act matching funds.

7.) The attempted PL 93-638 regulation revisions.

8.) The six year delay in education standards for BIA operated schools.

9.) The attempted elimination of school board training funds and delays in training services in FY 84 and 85.

10.) The current moratorium on new school starts.

11.) The current moratorium on PL 98-511 Section 501 thru 512 and the continued request for FY 86.

12.) The proposed limit on school board expenses.

In closing, Mr. Chairman, is the Administration of the Federal Government attempting to stop Congresses declared "commitment to the maintenance of the Federal Government's unique and continuing relationships with and responsibility to the Indian people" and Congresses declared national goal of the United States, which is to provide quantity and quality educational services and opportunities for Indians, as expressed in PL 93-638, The Indian Self Determination and Education Assistance Act?

STATEMENT OF S.E. REYNOLDS, SECRETARY, NEW MEXICO INTERSTATE STREAM COMMISSION

SUMMARY

This statement is submitted in support of appropriations to the Bureau of Indian Affairs (BIA) to continue construction and operation and maintenance of the Navajo Indian Irrigation Project (NIIP) which, in recognition of the obligation of the United States to the Navajo Tribe, was authorized in 1962. The project, located in the northwestern corner of New Mexico, will furnish water for the irrigation of 110,630 acres of land and will provide a higher standard of living for 33,000 Navajos.

Because of uncertainty about the appropriate water delivery capacity and productive acreage and project management appropriations for project construction for the past three fiscal years have been greatly reduced and the Office of Management and Budget (OMB) has withheld all but $0.893 million of the $9.1 million appropriated for fiscal year (FY) 1985.

The problem of water delivery capacity and increased productive acreage has been resolved by written agreement between the Interior Assistant Secretaries for Land and Water Resources and Indian Affairs. The Office of Management and Budget continues to be concerned about the ability of BIA and the Navajo Tribe to subjugate and manage additional acreage. The on-farm management problems were studied by a management task force appointed by BIA and a report was submitted to the appointing official in December 1981. In April 1982 a task force appointed by the Assistant Secretaries for Land and Water Resources and Indian Affairs made a report which was followed by a supplemental report submitted in December 1982. Both of the reports were positive. Therefore, construction of the project works should now proceed expeditiously and efficiently.

After 23 years the project is only 44% complete. Release of the total appropriation of $9.1 million in construction funds in the FY 1985 BIA appropriation for the project would provide funds to award contracts for about one-half of the Block 6 facilities. An appropriation of at least $8.5 million can be effectively utilized in the FY 1986 BIA appropriation to award contracts in FY 86 for additional Block 6 facilities. I urge that at least $8.5 million in construction funds be included in the FY 1986 BIA appropriation for the project.

The FY 1986 budget for BIA includes $3.046 million for operation and maintenance of the project facilities. I fully support an appropriation of this amount in the FY 1986 budget.

STATEMENT

The 1868 Treaty between the United States of America and the Navajo Tribe of Indians provides that any Navajo being the head of a family and desiring to commence farming shall have the privilege to select 160 acres in the Navajo Reservation to be held in the exclusive possession of the person selecting it and of his family so long as he or they continue to cultivate it. The treaty further provides that any person over 18 years of age not being the head of a family may in a like manner select and hold 80 acres within the reservation for purposes of cultivation. The Treaty further provides that the Navajo head of a family is entitled to receive seeds and agricultural implements to help him get started in his farm enterprise. Even a casual examination of precipitation records shows that irrigation is essential if these Treaty provisions are to be given effect of much significance.

The law which authorized the Colorado River Storage Project in 1956, Public Law 84-485, explicitly recognized that assistance to the Navajo Tribe in the form of an Indian irrigation project is the responsibility of the entire nation. The Navajo Indian Irrigation Project was authorized in 1962 by Public Law 87-483 to meet the obligation implied in the 1868 Treaty and explicitly recognized by the Colorado River Storage Project Act.

The desperate needs of the Navajo Tribe have been the subject of much concern to the people of the United States. Construction of the Navajo Indian Irrigation Project could do much to alleviate the grinding poverty suffered by the 150,000 people of the nation's largest Indian tribe.

When completed, the Navajo Indian Irrigation Project will have a profound effect on the economic and social life of the Navajo Tribe. Not only will 2,500 to 3,000 people be employed directly in the farming activities, there will also be substantial opportunities for employment for two and one-half to three times that number in the agri-business and service and supply activities associated with the farming operation. The workers and their families will require housing, schools, police and fire protection, and all the services connected with daily living. This will furnish employment for many thousand others.

Funds to initiate construction of the project were first appropriated for FY 1963 and the construction schedule called for the delivery of the first water on the lands in 1970. With the initial delivery of water to the first 10,000 acres delayed until 1976, the most realistic goal now is the addition of a block of about 10,000 acres each year until the project is completed. Facilities to serve Blocks 1 through 5 have been completed and irrigation water was provided all five blocks in the 1984 crop year. Facilities have been completed to serve only about 700 acres in Block 6.

No additional major construction was scheduled for FY 1983 and FY 1984 because of a difference between the Bureau of Reclamation and the Bureau of Indian Affairs on the appropriate delivery capacity of the works and the amount of productive acreage to be developed, and because of the Office of Management and Budget's concern about the capability of the BIA and the Navajo Tribe to subjugate and properly manage additional acreage at this time. The problem of water delivery capacity and increased productive acreage has been resolved by written agreement between the Interior Assistant Secretaries for Land and Water Resources and Indian Affairs. The problem of on-farm management has been studied by a management task force appointed by BIA. The task force report was submitted to the appointing official in December 1981. In April 1982 a task force appointed by the Assistant Secretaries for Land and Water Resources and Indian Affairs reported and a supplemental report was submitted in December 1982. Both reports were positive. Therefore, construction of the project works should now proceed expeditiously and efficiently.

After 23 years the project is only 44% complete. Release by OMB of the total appropriation of $9.1 million in construction funds in the FY 1985 BIA appropriation for the project would provide funds to award contracts for about one-half of the Block 6 facilities. An appropriation of $8.5 million can be effectively utilized in the FY 1986 BIA appropriation to award contracts in FY 86 for additional Block 6 facilities. I urge that at least $8.5 million in construction funds be included in the FY 1986 budget.

The FY 1986 budget for BIA includes $3.046 million for operation and maintenance of the project facilities. I fully support an appropriation of this amount in the FY 1986 budget.

The opportunity to present my views on appropriations to the Bureau of Indian Affairs for the urgently needed Navajo Indian Irrigation Project is sincerely appreciated.

STATEMENT OF KENNETH F. CARLSON, PRINCIPAL, TIOSPA ZINA TRIBAL SCHOOL

WHAT IS TIOSPA ZINA?

Tiospa Zina is a K-9 school on the Lake Traverse Reservation in north east South Dakota. It is chartered by the Sisseton-Wahpeton Sioux Tribe, and accredited by the State of South Dakota. The school is currently in the third year of a three-year establishment grant from the U.S. Department of education under Title IV Part A.

WHAT DO WE NEED?

The Title IV Part A grant which provides operational support will expire at the end of this program year. Tiospa Zina's applications for contract status were neglected by the BIA until a moratorium on new contracts was put in place. Tiospa Zina is requesting that as an existing and clearly successful tribal school serving the unique educational needs of Indian children it be allowed to qualify for contract school status, and receive funds necessary to insure its continued success.

JUSTIFICATION

Tiospa Zina Tribal school was founded in 1981 by a group of Indian parents who were frustrated by the inability and unwillingness of the local public school system to deal with the educational needs of their children. These needs are intense and enormous. The reservation unemployment rate is between eighty and eighty-five percent. There is strong evidence that between eighty and one-hundred percent of tribal members are affected by alcohol or drug abuse. Between fifty and sixty-percent of all children on the reservation are raised by an aunt, grandmother or a sibling; this figure does not include single parent families. Only twenty percent of tribal members between the ages of 18-35 have high school diplomas. While the local public school has refused to release school completion statistics, evidence indicates that about seventy-five percent of Indian students who enter the Sisseton schools never graduate.

The parents who founded Tiospa Zina have stressed the needs for the strong development of academic skills. They have voluntarily sought and obtained state accreditation. They have begun a comprehensive testing program, using the nationally normed S.R.A.

They have developed a series of efforts to help children deal with the problems of alcohol and drug abuse, both their own and their families. They have introduced into the curriculum and into the daily life of the school measures and materials designed to develop the healthy self-concepts of students, as Indian people and as members of the human community. They have stressed the need for human discipline and an orderly but tolerant academic and social environment.

Despite difficult local conditions and opposition from the BIA, Tiospa Zina is succeeding. Enrollment has grown from ten students in 1981 to 121 in March 1985; it is currently limited only by available space. Seventy-nine percent of parents in the Sisseton-Wahpeton Sioux Tribe have expressed approval of and support for the Tribal School. The Sisseton-Wahpeton Sioux Tribe has provided a new ten classroom building, with administrative and lunchroom space. School attendance averages 91 percent. Seventy-six percent of parents attended parent-teacher conferences in March, 1985. Since the opening ceremony of dedication, there has not been a single instance of fighting, vandalism or theft in the school this year.

Statistical evidence of academic achievement will be available in late April, when the second set of S.R.A. tests are administered. Students are likewise being tracked as to the development of positive self-concepts; preliminary results are encouraging. Positive anecdotal evidence is abundant:

> "I received four straight years of F grades because the teachers didn't expect me to work-so I didn't." Marty has since moved from [illegible] school and started on the Jr. High football team.
>
> "I didn't want the teacher to call me in front of the whole class, so I quit doing the assignments." Andrea received three years of all F's. She is currently a B- student and won a basketball game for our school with a shot at the buzzer in overtime. Andrea plays in sweat pants; she won't wear shorts in public.
>
> "My teacher must no know I'm Indian because she won't help the other Indian students in class." (Second grade student from public school.)

Administratively, academically, and in the lives of its students, Tiospa Zina is demonstrating its ability to deal successfully with the complex educational needs of its students. It is the only K-9 institution on the Lake Traverse Reservation making this effort. The school has complied with the requirements of the Title IV A establishment program, and clearly meets the requirements to become a contract school. The BIA, for reasons never made explicit, delayed action on our request for a contract until first one, then a second moratorium were put in place. We ask the assistance of this committee and the Congress in rectifying this situation.

May 18, 1981	Request for money and assistance from BIA
July 8, 1981	Reply - moritorium is now in effect.
June 23, 1981	Moritorium on new school starts until the BIA can make revisions in P.L. 93-638 regulations.
July 21, 1981	School Operations contract delivered to BIA.
Aug. 6, 1981	Funding request with school starting in September.
Aug. 12, 1981	School Operations Contract sent to BIA.
Oct. 9, 1981	Funding and any assistance denied during moritorium.
March 12, 1982	Request for status of contract.
1982	Sometime in here BIA rescinds moritorium - school not notified.
May 17, 1982	BIA states contracts will be reviewed with conformance to 25 CFR Part 271 and availability of funds - no mention of P.L. 93-638.
Aug. 6, 1982	Contracts awarded as to availability of funds - BIA says they cannot adequately finance our contract this year and they are not requesting any funds for FY 1983. The contract itself was not denied.
Aug. 18, 1982	N.A.R.F. request for status of Tiospa Zina School contract - BIA has had the contract over one (1) year with no acceptance or denieal only lack of funds.
	No response at all to August 18, 1982 letter.
September 1982	Title IV funded $79,000 to start the school year.
October 1982	Another BIA contract was submitted - moritorium still in effect.

Aug. 8, 1983	Local BIA denies request for testing materials because "Tiospaye Zina Tribal School is not recognized as a school."
Aug. 8 - Nov. 1983	3-5 months of truancy court cases against parents with children in Tiospa Zina was decided in favor of the School because the State was granting accreditation.
December 1983	School notified it would be granted full accreditation.
Jan. 31, 1984	School receives State accreditation.
Sept. 13, 1984	Completion of new building for school paid for by Tribal funds.
Sept. 28, 1984	School enrollment 130 -- certified teachers 10.
October 1984	Another BIA contract sent in --still a moritorium--
November 1985	BIA say no funds for new starts in FY 85
Jan. 23, 1985	Another BIA contract application sent in.
Feb. 7, 1985	Contract returned to school --moritorium not lifted--
Feb. 22, 1985	BIA contract sent in for FY 1985-86.

STATEMENT OF ROBERT YELLOWROBE BAILEY, SUPERINTENDENT, BUSBY SCHOOL OF THE NORTHERN CHEYENNE TRIBE

To begin with I am attaching a copy of the written testimony as it was presented to the House Interior Subcommittee Hearing on Appropriations. At the exact time I was addressing the House, the Senate was requesting information from the Bureau of Indian Affairs concerning Busby School. Not having the advantage of a transcript or knowing exactly what testimony was given concerning Busby, it is difficult for me to respond. However, based upon the general information we have received, we would like to offer the following written testimony.

From the early 1900's until 1972 the Bureau of Indian Affairs was responsible for educating our children and operating and maintaining the grounds & facilities associated with this education.

Since 1972 to and including the present school year the Bureau has contracted with the Northern Cheyenne Tribe for a portion of this responsibility. The Tribe agreed to contract to educate their children, but they left the operations and maintenance of the grounds & facilities with the Bureau. The reason they did not wish to contract for this portion of the school operation was because these facilities were in such deteriorated condition, they felt they should be brought up to Montana State standards first. The contract between the Bureau and the Tribe has always been for grade levels K-12, including the current contract in existence today.

In 1982-83 the high school operations was moved into the elementary building as a result of Montana State putting us on probationary accreditation because of our decaying and unsafe high school facilities.

In 1983, because of the deteriorated high school facilities, the School Board was forced to temporarily suspend its high school operations until these facilities could be repaired and made safe for the student population. (The record is replete with notices to the Bureau over the years about these conditions, as this remained their contractual responsibility.)

After one year of no high school education at Busby a decision was made to resume the 9th grade level, allowing them to remain in the elementary building. So in the current school year 1984-85 we are educating grade levels K-9, although our contract continues to call for grade levels K-12.

The unhoused and unschooled high school population was alarming many concerned people on our reservation and in the fall of 1984 a decision was made by the Busby School Board an supported unanimously by the Northern Cheyenne Tribal Council that grade levels 10, 11 & 12 would be resumed no later than the fall of 1985.

Current figures reveal there are 738 children on the reservation who would be of high school age next fall. Of that amount, only 312 are in school today. We have recently provided the names and birthdates to the Bureau of 58% or 426 Northern Cheyenne students who are not currently enrolled in any school! The closest available schools open to our children today are: Hardin, Colstrip & Labre. Each of these schools is at least an hour and 15 minute commute one way! Hardin is the only one of the three within our school district, yet only 17 Northern Cheyenne students attend this school. Obviously the majority of our children, for one reason or another, choose to not avail themselves of the services offered at Hardin. Colstrip is not in our district so if Busby children enroll there, the parents must take their child to and from the closest bus stop,
which is 10 miles one way, and then the student must ride the bus for an additional hour one way. Of course this process is repeated in the afternoon when the parent picks up the student after school. Tuition can also be charged these students because it is a school not within our district. The third and final school is Labre. As of June 1985 it

is returning to a private, parochial status and will be known as St. Labre Indian Catholic School. We have recently been advised that they will be testing all children before enrolling them, and that admittance will be based on two criteria--academics & religious preference. This fact alone could displace an additional 104 students who are currently attending school at Labre.

The school's decision to resume grade levels 10, 11 & 12 was transmitted to the Bureau for their information. To our surprise the Bureau responded that our "request" was denied because a public school system and a tribal contract school program were available to the Busby students, and additionally because an appropriate school facility does not exist for this program at Busby.

In the first place, we did not realize we were "requesting" anything, as we were just attempting to fulfill our contractual obligation calling for the education of grade levels K-12. However, given this latest development by the Bureau we appealed their decision and on March 11, 1985 their decision was reversed and approval was given for the resumption of grade levels 10, 11 & 12 in the fall of 1985 at Busby provided the high school facilities met minimum Bureau safety & health codes.

This brief historical sketch brings us current.

We are now trying to shake loose $400,000 in order to renovate the existing high school facility, repairing the serious health & safety deficiencies. The engineers have informed us the buildings are stucturally sound and definitely worth saving -- in fact they have indicated it would be a great loss if the buildings were destroyed. The $400,000 is a reasonable, workable figure that on the one hand would let us live up to our contract by educating our high school students, but more importantly it will let us resume meeting the needs of our unhoused, displaced and neglected high school population!

We do not claim we will meet the needs of all 426 students currently out of school, but based on some recent surveys we can realistically project reaching at least a fourth of those students. We are convinced that in the fall of 1985 we would meet the needs of at least 100 students, thereby reducing the 426 by 100. Then with hard work and dedication, something we have plenty of, that number will continue to grow until we have finally reached every child who wants to go to school and they will at least then have the opportunity to go--something they do not have today.

We are quite aware of the difficult economic times facing us--in fact most of our people have suffered financial hardships for generations! The $400,000 is a very reasonable figure when you consider the result! WHAT IF THIS WERE YOUR CHILD? How many more children's lives must we waste? Why is the Bureau allowed to breach its contract year after year? Why are our Indian children deprived of their right to an education? Can you honestly say it is any worse to die physically than it is to die mentally?

ROBERT YELLOWROBE BAILEY, SUPERINTENDENT
JOHN GRINSELL, STUDENT

BUSBY SCHOOL OF THE NORTHERN CHEYENNE TRIBE

GOOD AFTERNOON MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE.

SETTING ASIDE THE INTRODUCTORY FRIVOLITY, MR. CHAIRMAN, I HAVE COME HERE WITH MY YOUNG COLLEAGUE THIS AFTERNOON TO PRESENT TO YOU AN URGENT REQUEST FOR AN IMMEDIATE APPROPRIATION FOR THE BUSBY HIGH SCHOOL. ON BEHALF OF THE SCHOOL, THE SCHOOL BOARD, THE INDIAN PARENTS OF THE NORTHERN CHEYENNE INDIAN RESERVATION AND THE 60% HIGH-SCHOOL DROP-OUT RATE, WE REQUEST AN EMERGENCY APPROPRIATION OF $400,000 SPECIFICALLY TO THE BUSBY HIGH SCHOOL FOR THE PURPOSE OF RENOVATING AND REPAIRING A 48-YEAR-OLD GOVERNMENT HIGH-SCHOOL BUILDING.

REQUESTING FUNDS TO REPAIR AND MAINTAIN THIS SAME BUILDING HAS FREQUENTLY OCCURRED--UNFORTUNATELY IT FALLS UPON DEAF EARS. THE PROCESS INCLUDES OUR LOCAL BIA AGENCY ON THROUGH AREA OFFICE INTO WASHINGTON, DC. THE REQUEST BEGAN WHEN THE NORTHERN CHEYENNE TRIBE ENTERED INTO A CONTRACTUAL AGREEMENT WITH THE BIA ON JUNE 30TH, 1972. SINCE THAT DATE, A SMALL TRIBAL GROUP MAKE THEIR ANNUAL PILGRIMAGE TO THE NATION'S CAPITOL IN AN ATTEMPT TO SET ASIDE FUNDS FOR THE REPAIR AND RENOVATION OF THIS EDUCATIONAL FACILITY SO THAT WE CAN GO ABOUT OUR BUSINESS OF PROVIDING EDUCATION TO OUR INDIAN YOUNG PEOPLE. EACH YEAR WE ARE FORCED TO COME TO WASHINGTON TO BEG, TO PLEAD, AND TO PRAY FOR THESE FUNDS WHICH WERE LONG AGO PROMISED. WHERE IS THE ADVOCACY FOR INDIAN EDUCATION TODAY? IT CERTAINLY IS NOT IN THE BUREAU OF INDIAN AFFAIRS. IF WE DON'T FIND IT IN THE BUREAU, MUST WE NOW ALSO BEGIN APPEARING ANNUALLY BEFORE THIS COMMITTEE?

NOT TOO LONG AGO SOME OF YOUR FOREFATHERS WROTE IN THE TWELFTH ANNUAL REPORT OF THE BOARD OF INDIAN COMMISSIONERS, PAGES 7-9, QUOTE:

> AS A SAVAGE, WE CANNOT TOLERATE HIM ANY MORE THAN AS A HALF-CIVILIZED PARASITE, WANDERER, OR VAGABOND. THE ONLY ALTERNATIVE LEFT IS TO FIT HIM BY EDUCATION FOR CIVILIZED LIFE. THE INDIAN, THOUGH A SIMPLE CHILD OF NATURE WITH MENTAL FACULTIES DWARFED AND SHRIVELED, WHILE GROPING HIS WAY FOR GENERATIONS IN THE DARKNESS OF BARBARISM, ALREADY SEES THE IMPORTANCE OF EDUCATION; BEWILDERED BY THE GLARE OF CIVILIZATION ABOVE AND BEYOND HIS COMPREHENSION, HE IS NEVERTHELESS SEEKING TO ADJUST HIMSELF TO THE NEW CONDITIONS BY WHICH HE IS ENCOMPASSED. HE SEES THAT THE KNOWLEDGE POSSESSED BY THE WHITE MAN IS NECESSARY FOR SELF-PRESERVATION. HE NEEDS IT TO SAVE HIM FROM THE RAPACITY AND

GREED OF MEN WITH WHOM HE IS FORCED TO COME IN CONTACT; HE NEEDS IT TO SAVE HIMSELF.

FROM 1880 TO 1974 WE NORTHERN CHEYENNE WERE "BROUGHT" TO THE THRESHOLD OF "CIVILIZATION" FROM OUR "SAVAGE EXISTENCE," AND OUT OF THE DARKNESS OF "BARBARISM." WE NOW KNOW THAT WHAT KNOWLEDGE YOU HAVE AS WHITE PEOPLE IS CRITICAL TO OUR SURVIVAL & SELF-PRESERVATION. YOU HAVE SHOWN US THAT EDUCATION IS NECESSARY TO SHAPE OUR INTELLIGENCE, AND TO PROVIDE OURSELVES WITH LIFE'S TOOLS BY WHICH WE WILL BE SELF-SUFFICIENT. AS OUR TRUSTEES YOU HAVE MANIFESTED YOURSELVES INDIVIDUALLY AND AS PUBLIC SERVANTS TO CHANGE OUR WAY OF LIFE TO THE ONE YOU HAVE FORCED UPON US SO THAT WE WILL LEAD A MEANINGFUL LIFE AND BE A CONTRIBUTING MEMBER WITHIN THE SOCIETY.

MANY OF YOU WERE INVOLVED IN THE DELIBERATIONS AND DIALOGUE THAT TOOK PLACE IN SHAPING ONE OF THE MOST CRITICAL PIECES OF LEGISLATION TO COME OUT OF CONGRESS, THE INDIAN SELF-DETERMINATION AND EDUCATION ASSISTANCE ACT, PUBLIC LAW 93-638. MANY OF YOU PARTICIPATED IN THE WRITING OF THE POLICY STATEMENT OF THIS LAW, WHICH I QUOTE:

> THE CONGRESS DECLARES THAT A MAJOR NATIONAL GOAL OF THE UNITED STATES IS TO PROVIDE THE QUANTITY AND QUALITY OF EDUCATIONAL SERVICES AND OPPORTUNITIES WHICH WILL PERMIT INDIAN CHILDREN TO COMPETE AND EXCEL IN THE LIFE AREAS OF THEIR CHOICE, AND TO ACHIEVE THE MEASURE OF SELF-DETERMINATION ESSENTIAL TO THEIR SOCIAL AND ECONOMIC WELL-BEING.

WE CONTINUE TO LOOK FOR THIS COMMITMENT. WHERE IS IT?

THERE IS NO HIGH SCHOOL EDUCATION AVAILABLE WITHIN THE EXTERIOR BOUNDARIES OF OUR NORTHERN CHEYENNE RESERVATION. THERE ARE CURRENTLY MORE THAN 700 HIGH-SCHOOL-AGED YOUTH ON THIS INDIAN RESERVATION & 60% ARE NOT ATTENDING SCHOOL--WE HAVE ATTACHED THE NAMES OF EACH OF THESE 426 EDUCATIONALLY DEPRIVED NORTHERN CHEYENNE STUDENTS. WITHOUT A HIGH SCHOOL EDUCATION, WHERE WILL THEY GO? WHAT WILL BECOME OF THIS GENERATION OF NATIVE AMERICANS?

IN 1983 THE BUSBY SCHOOL BOARD WAS FORCED TO SUSPEND ITS SECONDARY OPERATION BECAUSE OF THE DETERIORATED FACILITIES. IN THE SUMMER OF 1984 THE BOARD DECIDED TO REESTABLISH THE 9TH GRADE LEVEL TO BEGIN ADDRESSING THE NEEDS OF SOME OF THESE KIDS. THE 9TH GRADE HAS BEEN INCLUDED IN OUR ELEMENTARY SCHOOL FACILITY AND HAS BEEN EXTREMELY SUCCESSFUL. SEVERAL STUDENTS WHO HAD BEEN DISPLACED WHEN THE SCHOOL WAS FORCED TO SUSPEND ITS OPERATIONS RETURNED AS "OLD" FRESHMEN RATHER THAN ATTEND THE OFF-RESERVATION PUBLIC SCHOOLS. IN THE FALL OF 1984 A COMMITMENT WAS MADE TO THE STUDENTS OF OUR RESERVATION TO REESTABLISH ALL HIGH SCHOOL GRADE LEVELS.

THE BUREAU HAS NOW AGREED THAT:

(1) THE NEED IS URGENT & ISEP FUNDS WILL BE PROVIDED;
(2) THE K-12 CONTRACT EXISTS SO IT IS NOT AN EXPANSION; AND,
(3) THERE SHOULD BE HIGH SCHOOL EDUCATION AVAILABLE AT BUSBY.

THE ONLY THING NOW PREVENTING US FROM EDUCATING OUR HIGH-SCHOOL-AGED CHILDREN IS THE FACILITY. THE $400,000 IS CRITICALLY NEEDED AND NEEDED NOW!

BEFORE LEAVING YOU TODAY I HAVE BROUGHT WITH ME A STUDENT WHOSE LIFE IS DIRECTLY AFFECTED BY YOUR DECISION, SO LISTEN WELL -- PLEASE LET ME INTRODUCE TO YOU A NORTHERN CHEYENNE STUDENT CURRENTLY ENROLLED AS A FRESHMAN AT BUSBY SCHOOL. LADIES & GENTLEMEN, JOHN GRINSELL

JOHN GRINSELL, STUDENT
FRESHMAN, BUSBY SCHOOL

ONE OF OUR GREAT CHIEFS, DULL KNIFE, ONCE SAID:

> WE CAN NO LONGER LIVE IN OUR OLD WAY OF LIFE.
> LET US ASK FOR SCHOOLS AND ASK THAT
> THEY ARE BUILT IN OUR COUNTRY,
> SO THAT OUR CHILDREN CAN LEARN THESE NEW WAYS.

AS A YOUNGSTER OF THE NORTHERN CHEYENNE TRIBE, I BELIEVE IN DULL KNIFE'S PHILOSOPHY CONCERNING EDUCATION. WITHOUT OUR OWN HIGH SCHOOL ON THE RESERVATION WE HAVE A FRIGHTENING HIGH SCHOOL DROP-OUT RATE. I THINK ONE OF THE REASONS THE NORTHERN CHEYENNE YOUNGSTERS DROP OUT OF HIGH SCHOOL IS BECAUSE OF THE GREAT DISTANCES THEY HAVE TO TRAVEL JUST TO GET TO SCHOOL. THE CLOSEST SCHOOL IS OVER 40 MILES ONE WAY. IN THE MORNING YOU ARE TIRED BY THE TIME YOU GET OFF THE BUS. YOU HAVE BEEN ON IT FOR AT LEAST AN HOUR BEFORE SCHOOL EVEN STARTS, AND ALL YOU FEEL LIKE DOING IS SLEEPING, WHICH MAKES IT QUITE DIFFICULT TO RETAIN THE KNOWLEDGE PRESENTED. AFTER SCHOOL IS OUT FOR THE DAY, YOU GET ON THE BUS FOR ANOTHER LONG, LONG BUS RIDE HOME. BY THE TIME YOU GET HOME YOU'RE SO TIRED THAT YOU FIND IT DIFFICULT TO KEEP UP WITH YOUR ABUNDANCE OF HOMEWORK.

I KNOW WHAT I AM TALKING ABOUT BECAUSE I HAVE SHARED THESE HARD EXPERIENCES WITH MY OWN FAMILY. MY TWO BROTHERS ARE BUSED EVERY DAY TO A PUBLIC HIGH SCHOOL OFF THE RESERVATION.

THE ECONOMY IS AT ITS LOWEST ON OUR RESERVATION. MANY OF OUR PARENTS DO NOT HAVE THE MONEY TO BUY A NICE CAR TO TRAVEL THESE DISTANCES TO SHARE IN THE SCHOOL ACTIVITIES WITH THEIR CHILDREN. THE YOUNG PEOPLE ARE DEPRESSED BECAUSE THEIR PARENTS ARE NOT THERE FOR THEIR BIG GAME OR FOR A PARENT-TEACHER CONFERENCE.

AS UNITED STATES CITIZENS, AND ON BEHALF OF ALL NORTHERN CHEYENNE HIGH SCHOOL STUDENTS, I AM ASKING THAT OUR EDUCATIONAL NEEDS BE GIVEN YOUR HIGHEST PRIORITY AND CONSIDERATION. PLEASE DO NOT FORCE US TO ATTEND HIGH SCHOOL AWAY FROM OUR HOME--THE STATISTICS SHOW MANY WILL NOT EVEN GO. WHAT IS TO BECOME OF THIS DEPRIVED POPULATION OF NORTHERN CHEYENNE STUDENTS?

STATEMENT OF LEO (BUTCH) O'NEAL, PRESIDENT, NAVAJO SKILL CENTER

The Navajo Skill Center is a modern, multi-unit structure built with federal funds in 1979. The physical facility's appraised value is $12-14 million. NSC is a chartered post-secondary institution and offers 13 programs of vocational instruction: Business Education -- 1) secretarial science and 2) accounting; Culinary Arts -- 3) food preparation and 4) management, and 5) baking; Construction Trades -- 6) masonry, 7) carpentry, 8) residential/commercial electricity, and 9) plumbing; Engineering -- 10) surveying technician; and Mechanics -- 11) heavy equipment mechanics; and Medical Technology -- 12) Medical Records Clerk and 13) Nurses Aide. Each program is a full 12 months in duration and is comprised of 36 hours each week.

NSC accomodates 195 students. Applicants are required to have a high school diploma, or equivalent upon admission. The average student age is 23 for women / 25 for men, although the actual age range is 18 to 45. Most students are single, although more than one-quarter are heads of household with dependent families. Because of the scarcity of housing in the area nearly all students also reside at the NSC facilities.

While NSC requires applicants to have a high school diploma or equivalent for admission, students have often achieved high school graduation in spite of many hardships. They come to NSC with an average reading level of 7.82 and average math level of 7.91, with some performing as low as 5.0. This handicaps students at the onset in mastering all aspects of their desired vocational skill field, and additional specialized staff and program efforts are required to compensate. Pre-career counseling/education and academic remediation are critical components of the NSC success.

Ninety percent of NSC students are disadvantaged, (as defined by United States Department of Labor JTPA income guidelines). Ninety-five percent of Skill Center students speak English as a second language, but because of the isolated environments from which they come, nearly all are not accomplished in English. Nearly all NSC students come from a combination of factors creating backgrounds of disadvantage -- limited English, low income, academic hindrance, economically depressed areas, high unemployment areas, and often racial minority and single parent backgrounds.

NSC students are not unique. On the contrary, they represent the typical young adult, as well as the older adults of the area. Of the upwards of 130,000 Indian residents of the reservation and surrounding area from which NSC students come, 50,958 are aged 18 to 64. More than 52,000 are under 18 -- who are tomorrows young adults. Less than 3% of both groups will attend college. Most will raise families of 4 or more. 70% will complete high school. Three of every four of these adults will endure a life plagued by unemployment.

There is every reason to believe that our people do not aspire to a life of unemployment, poverty and federal subsistence. Given a choice, most will choose gainful employment. The predominant explanations for the high incidence of unemployment are: 1) lack of employment opportunities, and 2) where opportunity exists, lack of employment skills as a result of student backgrounds and socio-economic conditions described above. The Skill Center programs prepare graduates for existing employment opportunities.

Fifty-five percent of our graduates are employed in private sector jobs, and the reservation is undergoing additional industry growth. The Paragon Ranch Generating Station will bring $5 billion in economic activity and an estimated 5,000 construction jobs over the next ten years to the immediate area. It is located 35 miles from Crownpoint. The spin-off of other industry growth that will occur is apparent. Coyote Canyon Coal Company, a community-owned corporation just a few miles from the Skill Center, is in the preliminary stages of development. It too will add several million to the local economy.

In addition, there are 3 federal construction projects in initial stages of development that are bringing major, multi-million dollar construction and permanent service jobs to the area. In Crownpoint, construction has begun on a $9 million hospital, with a $3.4 million facility for personnel quarters. Other irrigation and school construction projects in the area are underway which will bring even more jobs. Development and employment opportunities are a reality, yet skilled labor is still imported into the State while local unemployment remains high.

As is clearly evident from the above statistical information about the region, vocational education is appropriate education for the vast majority of these people. Vocational education is also cost-effective education. The Skill Center is cost-effective. The Skill Center in the course of one year can equip a student with an employment skill for life.

There is no way to escape the fact that here the only alternative to being "unemployable" is a lifetime of public subsistence. The average cost to the government both directly and indirectly to maintain an average family on public assistance is $10,944 per year. By comparison, entry level wages of NSC graduates range between $8,432 and $16,653 with a $10,362 average across all occupations determined by a number of variables such as the field of study. An individual educated by the NSC will earn at least $8,432 per year, which will likely increase incrementally with each passing year of employment, and an average duration of lifetime employment is at minimum 20 years. These individuals can earn an opportunity to contribute to the State's economy, where they once were nonproductive members within it.

While excellent vocational training programs exist in the States of New Mexico and Arizona, they are neither readily nor sufficiently accessible for the large population of primarily Indian people in and around Crownpoint, and throughout the 16 million acre reservation area.

The Skill Center grew out of this need for accessible vocational education training and has made significant progress in its young 6 year history. 1) In March of 1983 NSC achieved accreditation candidacy from North Central Accreditation Commission. 2) At the same time, NSC received State licensing from the State of New Mexico. 3) In 1984, NSC received certification from the United States Department of Education for student Pell Grants and future institutional aid. 4) NSC is now approved by the United States Veterans Administration for veteran tuition aid. To have received such positive evaluations from these prestigious credentialing agencies, demonstrates the high quality of NSC instructional offerings.

Among Skill Center programs of instruction, some are even unsurpassed. In April, 1985 NSC's Culinary Arts students for the 3rd consecutive year, won the food service competitions sponsored by the New Mexico Restaurant Association.

Across all programs, NSC has achieved an 80% student retention rate. This compares quite impressively to the 49% average retention rate for vocational schools nationally, as well as to the 50% retention rate for all post-secondary institutions.

Consider too that NSC's 80% retention statistic includes those students who "drop out" to take jobs in their field of study (positive termination). Actual drop outs for failure to successfully terminate the program are less than 20%. This demonstrates the responsiveness of the institution's offerings as perceived by attending students.

Federal support sources are shrinking and the future of NSC is in question. Although the Skill Center is now eligible for United States Department of Education funding, the inflexible federal formula used to calculate funding is based on Pell Grants received for the previous two years. Thus it will be at least Fiscal Year 1988 before the Skill Center can benefit.

State licensing should also open new funding doors for the Skill Center. However, since no increase in federal funding has occured for State vocational education, the State would have to take money from existing State vocational programs in order for NSC to receive State funding. Other USDE Indian monies, the Voc-Ed Indian set-aside and the Indian Education Act are discretionary and highly competitive: less than 1 in 3 applicants can be funded.

Most critically, the Skill Center must acquire new equipment in order to keep pace with the current training technologies for its students. It cannot receive its full accreditation without completion of a library. These expanding needs in times of dwindling federal resources are posing threats to the continuation of this institution. If these needs are not met retention and placement success will be lost. Approximately $700,000 in institutional funding must be found in order to meet equipment and labor needs.

STATEMENT OF DONALD D. PEPION, PRESIDENT, BLACKFEET COMMUNITY COLLEGE

The Blackfeet Community College chartered by the Blackfeet Tribal Business Council, governing body of the Blackfeet Indian Nation respectfully submits the followng testimony in support of appropriations needed by the Tribally Controlled Community Colleges.

Supplemental Appropriations of $1.7 Million is needed of FY 1985

The Blackfeet Community College under the auspicies of the Blackfeet Tribe strongly supports the supplemental increase of $1.7 million needed by the Tribally Controlled Community Colleges as introduced by the American Indian Higher Education Consortium and other Tribes.

Appropriations of $12.6 needed for FY 86

The Blackfeet Community College under the auspicies of the Blackfeet Tribal Business Council also respectfully requests full funding for the appropriations needed as presented by AIHEC to Congress in February of 1980 as follows for P.L. 98-192:

Title I Colleges	10,620,000
Title I Construction	250,000
Title I Technical Assistance	265,500
Title III Endowments	1,500,000
Total Request	$12,635,500

We would like to emphasize that while the Colleges all need adequate operational funding, the construction portion of P.L. 198-92 needs to fund the GSA for $250,000 to perform a study of existing BIA structure that may be available for the TCCC's.

The Technical Assistance and endowment portions need to be funded, especially during the critical stage of the growth of these institutions. The forward funding aspect of appropriations for the TCCC's also needs to be implemented so that the academic year cycle is made more efficient and effective.

Appropriations of $24.4 million for FY 87

Title I Colleges	12,572,800
Title I Construction	10,000,000
Title I Technical Assistance	294,675
Title III Endowments	1,500,000
Total Request	24,376,475

Need for FY 85 Appropriations at the Blackfeet Community College

	Indian Student Count	Amount Per FTE	Total Grant Amount
Initial Grant Award	165	2459	405,795
Total Needed	190	3000	570,000
Supplemental Operations Needed At BCC			164,205
Technical Assistance			6,447
Total Need	190	$75	14,250
Supplemental T&TA Needed AT BCC			7,803

The following indicates that while enrollments at BCC have been increasing to a current leveling off from FY 80 through FY 84, the P.L. 95-471 (reauthorized to P.L. 98-192) operational funding per FTE has decreased.

YEAR	TOTAL GRANT	YEARLY ISC/AVG	AMOUNT PER FTE
1979-80	$274,761	87.10	$3,154.55
1980-81	563,198	185.33	3,038.89
1981-82	574,510	211.33	2,718.55
1982-83	494,912	175.58	2,818.73
1983-84	440,657	178.70	2,465.90

This year BCC is being evaluated by the Northwest Association of Schools and Collegs, Commission on Colleges for full accreditation. BCC has been a candidate for accreditation by NWASC since December of 1979. The

Biennial Evaluation Reports done on BCC by the NWASC in 79, 81, and 83 had three main recommendations 1) the development of a 'stable funding base'; 2) the need for 'adequate centralized facilities'; and 3) the development of an endowment.

Therefore it is readily apparent that suplemental funding for BCC is critical to receiving full accreditation. Furthermore the TCCC Act (P.L. 98-192) is critical to BCC; especially the implementation of the construction and endowment portions.

Need For FY 86 Appropriations at the Blackfeet Community College

The U.S. Department of Education, National Center for Education Statistics, reported for fiscal 1980 the following colleges spent the following operation expenditures per full-time equivalent (FTE) student:

Private Universities	$15,175.00	Average Per FTE
Public Universities	5,894.00	Average Per FTE
Private 2-year Colleges	9,106.00	Average Per FTE
Public 2-year Colleges	3,006.00	Average Per FTE
AIHEC	3,000.00	Average Per FTE

The Montana State average operational expenditures per FTE student for 1983 was $3,500. The Blackfeet Community College total operational cost per average of 190 full-time equivalent for 1985 fiscal year is estimated at $2,549. The College is faced with a need of about $1,000 per FTE to operate at an effective level. This means a reduction in the operational budget of $190,000 for this fiscal year. For FY 86 at a projection of 203 FTE at $3,000 per FTE the College will need an appropriation of $609,000 for BCC operations under P.L. 98-192.

	Indian Student Count	Amount Per ISC	Total Grant Amount
P.L. 98-192 Title I	203	3000	$609,000
P.L. 98-192 T&TA	203	$75	15,225
P.L. 98-192 Endowment			250,000
Total Funding Needed BCC FY 86			$874,225

Need For FY 87 Appropriations at the Blackfeet Community College

In the almost ten (10) years of existence BCC has realized phenomenal growth. The student population has grown from 65 students to now nearly 200. The catalogue for academic year 1983-84 lists over 270 course offerings. The College has 6 full-time faculty and over 50 part-time faculty. Facilities have grown from a house on Government Square to a cluster of five buildings with over 25,000 square feet of space plus 4 rental classrooms at the CCD Center. The BCC budget has grown from about $28,000 to almost one and a half million.

The Library has grown to over 8,000 volumns with 150 periodicals and numerous learning resources. The Bookstore has developed into a business volumn of over $10,000 in book orders.

	Indian Student Count	Amount ISC	BCC Approp.
P.L. 98-192 Title I	218	$3,200	$697,600
P.L. 98-192 T&TA	218	$ 75	16,350
Title I Construction			$400,000
Title III Endowment			$250,000
Total Funding Needed At BCC FY 87			$1,363,950

FOREST SERVICE

Statement of the Society of American Foresters

Mr. Chairman and members of the Subcommittee, my name is James R. Lyons. I am Director of Resource Policy for the Society of American Foresters (SAF). SAF, the oldest professional renewable natural resource management organization in the United States, was founded by Gifford Pinchot in 1900. Today, SAF's 21,000 members represent all segments of the forestry profession, including public and private practitioners, researchers, educators, administrators, and students.

I want to thank you, Mr. Chairman, and the members of the Subcommittee for your continuing support for forestry and your efforts to maintain a balanced, multiple-use program for the USDA Forest Service. The President's proposed FY 1986 budget for the Forest Service is consistent with previous proposals -- it seeks to implement substantial changes in federal forest management policy through the budget process. We believe that this is inappropriate. Let me say, however, that we support your efforts, Mr. Chairman, to raise issues related to the efficient management of the nation's forest and rangeland resources. In response to your inquiries during last year's Subcommittee hearings, the Subcommittee on Forests, Family Farms, and Energy of the House Agriculture Committee held hearings last week on the economics of federal timber sales. SAF has also responded by creating a task force to study the issue of below-cost timber sales on the national forests to offer the profession's recommendations for dealing with this issue.

My testimony today, Mr. Chairman, will emphasize three of the concerns that the forestry profession has with the proposed FY 1986 Forest Service budget, and will then present an alternative. **First, SAF believes that the budget must be viewed both in terms of its impact on current forest management activities and its effect upon the nation's natural resources in the future. The 1985 RPA Program should be presented to the Congress as the basis for making these judgements.** The President's budget makes no reference to RPA. **Second, we believe it is inappropriate for the President to propose major changes in federal forestland management policy -- such as increasing recreation user fees, changing the basis for making revenue sharing payments to the states, or exchanging 35 million acres of BLM and Forest Service lands -- in the context of the budget.** These new policy initiatives should be presented to the appropriate authorizing committees, and sufficient time provided for the public to respond, prior to placing them in the budget. **Third, we believe it is essential that the Forest Service have adequate funding for key non-commodity resource programs -- recreation; fish and wildlife; range managment; and soil, water, and air management -- to meet its multiple-use mission.** We will present examples of the effects of reduced Forest Service budgets on some of these resources. Finally, we will present an alternative to the proposed FY 1986 budget that we believe is both fiscally responsible and adequate to meet the nation's current resource management needs.

The 1985 RPA Program Should be Presented to the Congress

In previous years, we have come before you and advocated that the Resources Planning Act Program, prepared by the Forest Service in compliance with the Forest and Rangeland Renewable Resources Planning Act of 1974 (RPA), serve as a comprehensive guide for program development and budgeting. RPA is intended to help the Forest Service, the President, and Congress determine the level and balance of Forest Service funding required to meet projected public needs for the goods and services provided by the nation's forests and rangelands.

Although program funding has not kept up with RPA recommendations, the RPA Program still provides a basis for assessing the tradeoffs between full program funding and reductions in program outputs associated with less than full funding. As such, the RPA Program is a useful planning and budgeting tool.

The 1985 RPA Program has not yet been presented to Congress although it is, by law, to be transmitted to the Speaker of the House and the President of the Senate when the Congress convenes. The Program is to be accompanied by a statement of policy, which is "intended to be used in framing budget requests ... for Forest Service activities for the five-or ten-year program period." Section 8(b) of RPA stipulates, "requests presented by the President to the Congress governing Forest Service activities shall express in qualitative and quantitative terms the extent to which the programs and policies projected under the budget meet the policies approved by the Congress.... In any case in which such budget so presented recommends a course which fails to meet the policies so established, the President shall specifically set forth the reason or reasons for requesting the Congress to approve the lesser programs or policies presented."

The President's proposed FY 1986 Forest Service budget contains no references to the RPA recommended program. The President has failed to comply with RPA in presenting a statement of policy to define Forest Service management direction for the next five years. Without this information, a comprehensive assessment of program funding needs is difficult. We strongly suggest that your Subcommittee, Mr. Chairman, and the appropriate authorizing committees request that the 1985 RPA Program and statement of policy be transmitted to Congress now, so that the President's budget request can be viewed in its proper context -- with some sense of the effects it will have on the ability of the Forest Service to meet the nation's future demands for goods and services from our forestlands.

New Forest Management Policy Initiatives Should Not be Incorporated in the Proposed Budget

The proposed FY 1986 Forest Service budget contains three major policy initiatives. The first is to increase recreation user fees on the national forests. In anticipation of the passage of legislation needed to implement this proposal, an estimated $25 million has been added to FY 1986 anticipated receipts. The second, is a proposal to change payments to States and counties on the basis of shared receipts from a gross receipts to a net receipts basis. This assumes the passage of proposed legislation which would reduce payments in FY 1986 by more than $207 million. The third policy initiative embodied in the proposed FY 1986 budget would transfer more than 35 million acres of federal lands between the Forest Service and USDI Bureau of Land Management. Though legislation would be required to implement this proposal, the Forest Service budget includes a request for $14.4 million to implement this interchange, and an additional $50 million for management of the Oregon and California Railroad Grant (O&C) Lands and Coos Bay Wagon Roads Lands, currently administered by the BLM.

SAF believes that it is inappropriate for such significant changes in forest management policy to be incorporated in the proposed budget. These proposals could have a substantial effect on the uses and users of forestlands, particularly those states and counties that depend heavily on their share of Forest Service receipts to support local programs. Rather than deal with these proposals in the context of the budget, they should be presented to Congress and the public in a manner that would provide for a thorough assessment of the costs and benefits of implementing them.

The Forest Service Must Have Adequate Funding to Meet Its Multiple-Use Mission

The Forest Service's mission is "to provide a continuing flow of natural resource goods and services to help meet the needs of the Nation and to contribute to the needs of the international community." Several statutes further define this mission. Most notable of these is the Multiple-Use Sustained-Yield Act of 1960, which stipulates, "the national forests are established and shall be administered for outdoor recreation, range, timber, watershed, and wildlife and fish purposes." I submit, Mr. Chairman, that recent trends in Forest Service program funding have hindered the agency's ability to fulfill its mission and provide for the multiple goods and services demanded by Americans of our forests and rangelands.

Since 1980, the total Forest Service budget has declined by $726 million, in constant dollars, using 1980 as a base. That amounts to one-third of the agency's budget in the last five years (See Figure 1). Individual programs have been cut in the following amounts(in 1980 dollars): Research - $18 million ; State and Private Forestry - $29 million ; and the National Forest System - $129 million (See Figures 2-4). Of course, these figures provide little insight into the impacts of these cutbacks on the resource base. However, a review of the National Forest System budget, provides a look into the disproportionate nature of resource program reductions.

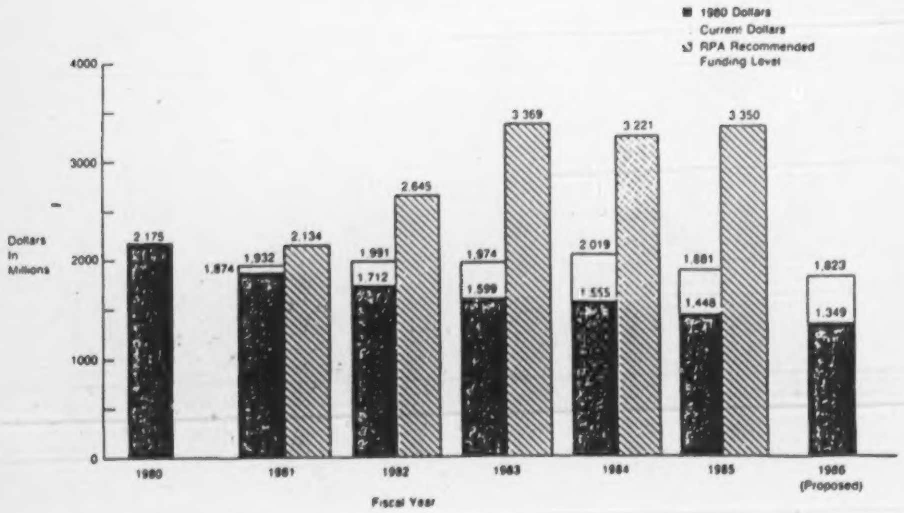


Figure 1. Total Funding, USDA Forest Service, Fiscal Year 1980-1986.

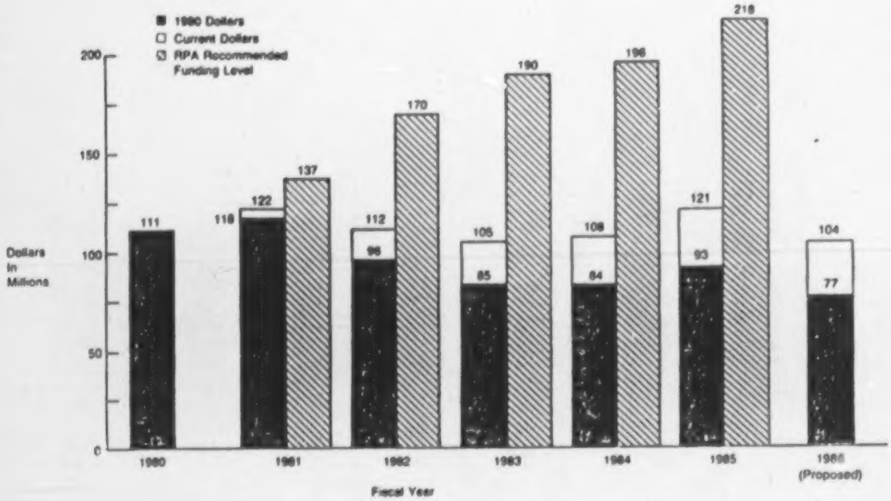


Figure 2. Research Funding, USDA Forest Service, Fiscal Year 1980-1986.

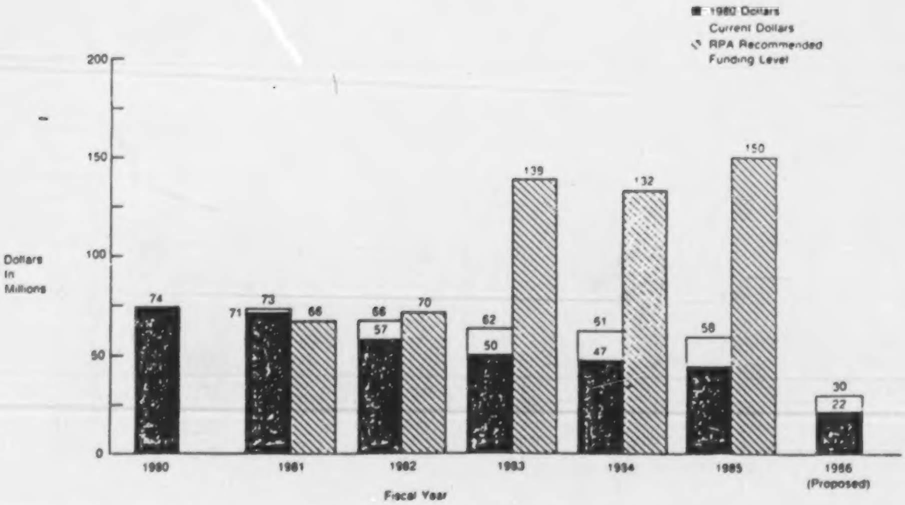


Figure 3. State and Private Forestry Funding, USDA Forest Service, Fiscal Year 1980-1986.

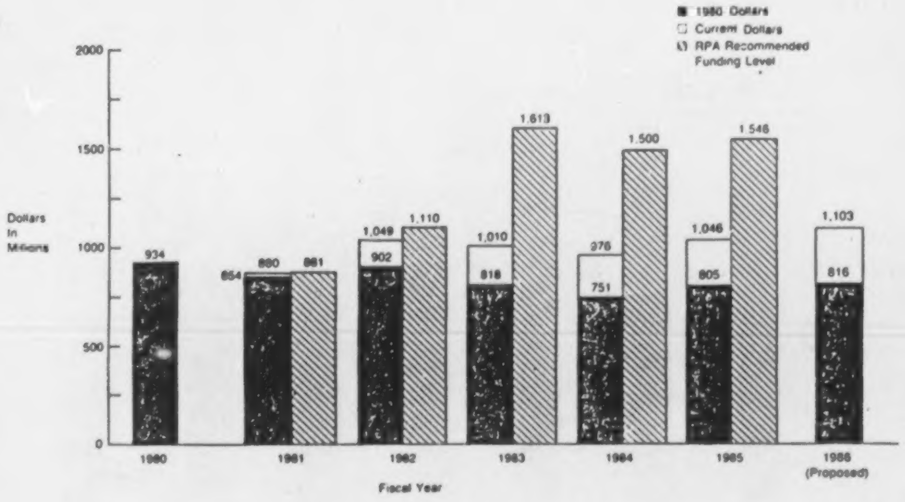


Figure 4. National Forest System Funding, USDA Forest Service, Fiscal Year 1980-1986.

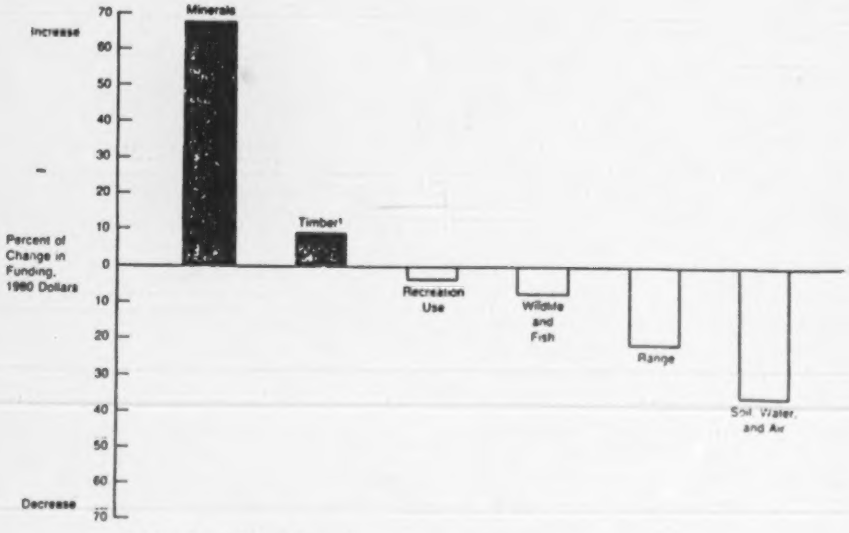
As illustrated below, the revenue-generating, commodity-oriented segments of the National Forest System budget have received program funding increases since 1980, while the noncommodity segments -- recreation, wildlife and fish, range, and soil and water -- have had their funding reduced. For example, minerals area management funding has increased by 67 percent, while, at the same time, the budget for soil and water resource improvements has been reduced by 36 percent.

The impacts of funding reductions in noncommodity resource programs are evident in a number of ways:

RECREATION - In the last decade, participation in most kinds of outdoor recreation has been growing. Accompanying this increase has been a greater need for new facilities and rehabilitation of existing facilities, additional trails and trail maintenance, and investments in the other resources that provide a quality recreation experience.

According to the supplement to the 1979 RPA Assessment Supplement (America's Renewable Resources: A Supplement to the 1979 Assessment of the Forest and Range Land Situation in the United States, USDA Forest Service, 1984), "the outlook [for outdoor recreation], given recent levels of investment in facilities and management programs, is for more overcrowding and continuing declines in the quality of experiences." In FY 1983, 68 percent of the developed site capacity for public use was operated at "less than standard service level." As a result, deterioration of these sites will be accelerated and maintenance costs higher. Deferred maintenance on Forest Service recreation facilities was nearly $300 million in FY 1983. The Service's recreation program is currently operating at less than full capacity, with some recreation sites opening later and closing sooner -- primarily due to reduced program funding. In its report on FY 1985 Appropriations (Report 98-575), the Senate Appropriations Committee expressed concern over the closing of recreation areas and directed the Forest Service to "keep sites open to the extent feasible".

Trail construction and reconstruction in FY 1983 reached only 20 percent of the RPA recommended level. Trail reconstruction requires substantial expense, but is essential to minimize resource damage. While an increase in trail construction funding is proposed for FY 1986, it will provide for 100 miles less trail work than occurred in FY 1985. Although volunteer assistance helps to reduce some trail maintenance costs, continued degradation of the national forest trails system is inevitable if recent trends in recreation funding continue.



[1] Sales administration and management only

Figure 5. Changes in National Forest System Program Funding, USDA Forest Service, Fiscal Year 1980-1985.

FISH AND WILDLIFE - As reported in the RPA Assessment update, "almost without exception, among the regions of the contiguous states, the number of small game and upland game birds ... and big game ... have been dropping.... [C]ontinuing increases in the human population and losses and degradation of habitat suggest that even maintaining present population levels of many species will be difficult and costly."

Present conflicts over the harvest of old-growth forests in the Pacific Northwest and its impacts on the spotted owl, the effects of road construction on elk and grizzly bear habitat in the northern Rockies, and the effects of southern pine management on the red-cockaded woodpecker are symptomatic of declining habitats of wildlife on the nation's forestlands.

Recent reductions in program funding have limited fish and wildlife habitat improvements on the National Forests to mitigating the effects of other resource activities such as mineral development, livestock grazing, and timber management. Even investments in improving anadromous fish habitat, which have the greatest potential for providing economic return to the Pacific Northwest and Alaska, have been severly constrained.

Further reductions in endangered, threatened, and sensitive species habitat improvements in FY 1986 will delay projects intended to remove species from the endangered and threatened list. Increasing, costly conflicts among resource uses and users will likely result where species' populations remain in question.

RANGE - Over half of the 597 million acres of rangeland in the contiguous United States is rated to be in less than satisfactory condition -- producing less than 40 percent of its forage potential. The Forest Service projects that if current range forage supplies remain unchanged, a substantial imbalance will gradually develop between projected demands and the available supply. The benefits of range improvements include not only increased forage supplies but browse for wildlife, and improved soil and watershed conditions.

The President's Proposed FY 1986 Forest Service Budget is Inadequate to Address Current Resource Management and Research Needs

The President's proposed FY 1986 Forest Service budget would exacerbate existing inequities in National Forest System program funding. While funding for minerals area management would increase, appropriated funds for all other programs would be reduced. Recreation use and trail maintenance; wildlife and fish habitat management; range management; and soil, water, and air management would all incur further cutbacks. Forest fire protection funding would be reduced by $17.6 million, hampering the agency's ability to protect forestlands against wildfire. Reforestation and timber stand improvement (TSI) funding would each decline by about $7 million. The Service projects that it will have completed all the "feasible" reforestation backlog by October 1, 1986, and will maintain a "current needs level" of one million acres. The requested $46 million for reforestation would provide for the planting of only 130,100 acres in FY 1986, 30,400 acres less than was reforested in FY 1985. TSI funding in FY 1986 would provide for improvements on only 165,000 acres. The current backlog of areas in need of improvement is 1.5 million. Each year, TSI costs increase. Additional funding is needed to reduce the substantial backlog of areas in need of management improvement.

The proposed State and Private Forestry program budget fails once again to recognize the importance of the nation's 278 million acres of commercial timberland owned by farmers and other private, non-industrial landowners. These lands are an important source of timber -- producing 47 percent of the nation's roundwood supply, recreation, fish and wildlife habitat, forage, and water. The President's budget would severely restrict efforts to protect public and private forestlands from insects and disease; would eliminate Federal assistance to the states for fire protection, forest resource management, and urban forestry assistance; and would eliminate management improvement and planning assistance efforts. This proposal ignores both the economic and ecological benefits of cooperative forest management and protection programs.

Funding reductions in all elements of the Forest Service Research program are slated for FY 1986. SAF has advocated that progress in forestry is based upon knowledge gained through a strong, integrated, and multi-disciplinary research program directed to solving current and anticipated forest management problems. The proposed research budget would reduce research on the effects of air pollutants on forests (an area of critical importance), lengthen the forest inventory cycle, further restrict wildlife, range, and fish habitat research, and eliminate the competitive research grants in forestry program established in FY 1985. These proposed cutbacks are ill-timed.

SAF is particularly concerned with proposed reduction in research on the effects of air pollution, including acid rain, on the nation's forests. Based on the findings of a recent SAF task force study, "Acidic Deposition and Forests," we have advocated an aggressive research program on the effects of air pollutants and acid rain on forests. We are currently working with the forest products industry and others concerned with the health of the nation's forestlands to identify specific research needs.

An Alternative to the President's Proposed FY 1986 Budget

I would like to propose an alternative to the President's proposed Forest Service budget that is fiscally responsible, responsive to current resource management and research needs, and simple.

SAF recognizes the need to address the mounting federal deficit. One likely consequence of failing to deal with the debt -- rising interest rates -- would certainly have a negative effect on new housing starts and home improvements. The repercussions of this action would be felt by the entire forestry community.

SAF proposes that appropriations for the Forest Service be frozen at the FY 1985 level, and that the proposed timber sale program for FY 1986 be adopted. This action would reduce the timber offered in FY 1986 to 10,700 million board feet, including 2.6 billion board feet turned back under the provisions of the Federal Timber Contract Payment Modification Act of 1984, and reoffered for sale. The reduced timber sales program reflects current market conditions, and would save approximately $70.5 million in timber sales program costs over the FY 1985 program. These savings are associated with reduced harvest planning and administration, road construction, and support program costs.

The savings in program expenditures associated with this proposal could then be used to implement, in FY 1986, the proposed rescission of $15.5 million in Forest Service funding to comply with Section 2901 of the Deficit Reduction Act of 1984, and to provide added support to high priority research needs, to supplement forest management assistance and protection efforts, and to bring greater balance to National Forest System programs. We will provide you with more specific recommendations for the use of these funds at a later date.

In advocating this proposal, we adhere to the belief that new policy initiatives such as increased recreation user fees, major land exchanges between the Forest Service and Bureau of Land Management, and a change in the basis for making payments to states from gross to net receipts, be deferred until adequate time for Congressional review and a public response is provided. Anticipated revenues generated or costs incurred by implementing these proposals should not be contained in the FY 1986 Forest Service budget.

In closing, Mr. Chairman, let me reiterate the forestry profession's interest in tackling the national debt now, so that future generations don't pay the price. However, the profession also adheres to the notion that the nation's forests and rangelands -- both public and private -- should not be allowed to deteriorate. We must invest judiciously in the research, protection, and management of the nation's natural resources, but we must be willing to make these investments. If we fail to do so, then our children will pay a far higher price in the future.

Thank you for this opportunity to present our views.

STATEMENT OF JAY SCHULTZ, KANSAS STATE FORESTER, DEPARTMENT OF FORESTRY, KANSAS STATE UNIVERSITY

My statement is on behalf of State and Extension Forestry, Kansas State University which is the state forestry agency of Kansas. I am asking your support to freeze funding for the State and Private Forestry protion of the USDA-Forest Service for Fiscal year 1986 at the Fiscal Year 1985 level.

Elimination of cost-share funding would be contrary to long established federal policy which recognizes a national interest in the 58 percent of the nation's commercial forest lands that is in nonindustrial private ownership. This policy was reaffirmed most recently by passage of the Cooperative Forestry Assistance Act of 1978 (PL 95-313). An unusual aspect of federal-state relations on forest policy is that traditionally most federal programs are implemented in cooperation with and through state forestry agencies. The totally withdraw from this cooperative relationship would result in a drastic change in the way natural resource and forest conservation policy is formulated and implemented in our nation.

Please realize that we understand the tremendous importance of reducing the federal deficit. However, the President's budget recommendation on these particular programs amounts to a total dismantling of long-standing federal-state-local cooperative relationships that have provided effective forestry programs to the people of Kansas and the nation for many years. Through these cooperative programs, State and Extension Forestry as Kansas' forestry agency has developed programs that provide: (1) organized fire protection to 46.4 million acres (94 percent) of our rural lands, (2) forestry assistance to nonindustrial private landowners who own 96 percent of Kansas' forests, (3) low-cost tree seedlings for conservation plantings, and (4) assistance to over half our Kansas towns in public tree planting and maintenance projects.

A review of the federal budgets of recent years would indicate that the State and Private Forestry Programs have been singled out for a disproportionate share of the budget cuts. As you know, these reductions have come during a period of rising costs. The Kansas Legislature has recognized the importance and value of the federal-state partnership in cooperative forestry by sharing in the cost of these programs. However, the loss of the federal portion (approximately 40 percent) of our state forestry agency's budget would drastically reduce its ability to carry out effective forestry programs.

Our Kansas Legislature will adjourn in April, so our legislators would be unable to react to such a drastic elimination of the federal portion of these cooperative forestry programs. A freeze at the FY 1985 level of funding would allow stabilization of our forestry programs at an effective level and allow us to work with our state administration and legislature on future program needs.

These cooperative forestry programs are directed at assuring adequate forest resources with all their benefits for future generations. The number of years required for a crop of trees to mature is a crucial consideration. Decisions made today will impact the forest resources in the year 2000 and well beyond. Elimination of these cooperative forestry programs seems short-sighted. I hope Congress will see fit to maintain the level of federal funding for State and Private Forestry represented by the 1985 appropriation level.

STATEMENT OF NORMAN A. BERG, WASHINGTON REPRESENTATIVE, SOIL CONSERVATION SOCIETY OF AMERICA

This is in response to your letter of March 27,1985 to the Executive Vice President of the Soil Conservation Society of America (SCSA).You advised that we could file a written statement. SCSA,since formation in 1945,has been dedicated to advance the science and art of good land use. The SCSA membership is concerned about the current budget deficit.We are also equally concerned by the continued deficit spending of our natural resource base.We would support a spending freeze at the 1985 levels,or even an across-the-board reduction ,if those reasonable cuts are spread evenly across all agencies.

SCSA,along with other conservation organizations,have studied the Administrations' FY 1986 budget proposals to better know exactly what is recommended-and why.However you view it,the 1986 spending authorizations support a continuation of increases in defense,while virtually all "controllable" elements are either cut back or eliminated.Included in the programs proposed for severe reductions or elimination are many natural resource and conservation activities,especially those that traditionally assist private landusers.For 1986, the President proposes to spend 29 cents of every federal dollar on defense.Social security and medicare will get 26 cents,income security payments,such as military retirement and welfare,will get 13 cents,and net interest on the debt will take 13 cents.That leaves 18 cents for "all other". That'all other"costs add up to about $198 billion-just about the size of the expected annual deficit.In other words,to balance the budget,while still spending on other items,as proposed,would almost require that the U.S.A. stop everything else the federal government does.In that 18 cents of every federal dollar,farm programs and natural resources will each take slightly over a penny.Net federal spending (after crediting receipts for such things as timber sales, and grazing and user fees) for management of the public lands and conservation programs on private lands will total about one-half of one-tenth of one cent out of each federal dollar.

SCSA is concerned that the budget process seems to have hit hardest at all the conservation cost-sharing programs of the U.S.D.A.,along with the natural resource programs of the TVA and the forestry grants to states under the Forest Service's State and Private Forestry program. This would be a spending reduction of about $ 300 million.For the private forest landowner,this means that most federal programs that provide technical assistance or cost-sharing for forestry work would be eliminated.There are also some proposed reductions in the fish and wildlife and recreation activities that should be closely examined for their long-term impact.

We understand too,that 1986 is just one year in a multi-year effort to revamp America's spending priorities.Defense,social security,and interest on the national debt continue to rise through 1988.Income security remains about the same.The "all other"federal spending is proposed to continue to drop.Thus, it appears that OMB believes that more can be earned from the Federal lands with smaller investments in management and productivity.Within the land management budgets,programs such as timber sales and minerals leasing get emphasis.Soil and water protection,cooperative work with the states,recreation,and other acivities diminish.

SCSA would suggest that the Subcommittee examine the last decade of appropriations for these activities on the "real" buying power (adjusted for inflation).We suspect these have not been the "big spenders". We do not want to appear as "nay-sayers" to protect a special interest.Actually,the long term record of conservationists is one of conserving in every possible way,including use of the public funds.

We do urge that the Congress seek to resolve the budget crunch problem in a manner that does not do irreparable harm to the natural resource programs-and the network of federal,state and local entities developed over several decades.The problems that still need attention will not be solved until local site-specific actions are stepped up,not reduced.

The Soil Conservation Society of America appreciates this opportunity to make a statement.We will help you in any way we can to meet the tough challenges that face the U.S.

Letter From Anne G. Wright, President, Streetscapes, Inc.

March 2, 1985

The Honorable Representative
James A. McClure
U. S. Senate
361 Senate Dirksen Office Building
Washington, DC 20510

Dear Senator McClure,

I have been told that the Subcommittee of Interior and Related Agencies will soon be considering the 1986 budget. As President of "STREETSCAPES, INCORPORATED", an all volunteer private sector enterprise group, I am writing to urge your support of the U. S. Forest Service program dealing with State and Private Forestry. My most particular concern is for continued funding for the URBAN FORESTRY program.

If my information is correct, the 1986 budget calls for substantial reductions in the State and Private Forestry programs and eliminates Urban Forestry altogether.

Since Forestry is the second largest industry in the state of Alabama, I want to use this opportunity to join, what I am sure will be, thousands of voices you will hear from Alabamians in concern over these funding reductions. The future of a viable Forestry program is vital to the economic prosperity of Alabama as well as the overall state environment.

As to the crux of my deep personal concern--it is for the maintenance of funding for the Urban Forestry at least at its current level. Urban Forestry is a remarkable science developed in recent years under the auspices of the American Forestry Association. As a technical assistance program already in place, it teaches philosophies and at the same time, it provides research expertise and methods to protect and preserve the best of our urban environment. This is conbined with long range planning to keep our cities regenerated as we move toward the next century.

The value of Urban Forestry has, over the past 6 years, been proven to us here in Mobile, Alabama. Any amount of praise I ever express, for its effective methods and for the staff experts associated with it, should never be considered as hyperbole.

In 1979 Hurricane Fredric hit Mobile, and our beautiful old southern city was almost destroyed. Our tree loss was devastating, and in the subsequent two years, we had two major floods. These floods were thought to have been caused by Mobile's disturbed ecological balance. Engineering experts have expressed the theory that the massive tree loss left us without enough tree root systems to absorb the waters.

From that time on, we have leaned heavily on the swift and generous support given us by the local, state, and national Urban Forestry experts. Mobilians learned much from these Urban Foresters about tree management. If you noticed that I described one component of their science of Urban Forestry as "philosophy", please let me emphasize that again right now.

Because of a succession of funding cuts, almost since its inception, the Urban Forestry groups have devised among themselves ways to "network" by helping stricken areas (be it flood, disease, etc.), inspire the formation of Tree Foundations, Tree-Commissions, the taking of tree inventories, computerizing plans for replanting, and the list goes on. The fine people associated with Urban Forestry are so enthusiastic and so confident of the worth of their endeavors that they have SPARKED a large countrywide volunteer participation. They have accomplished MUCH MUCH more than their modest budget would indicate. I would also like to mention that USDA Forest Research has helped immeasurably. Their funding comes from the Forest Recreation Research budget. You can see how their entire coordinated programs have helped us here as well as around the United States. SENATOR MCCLURE, PLEASE--our government must not cut off the funding for URBAN FORESTRY. So much momentum has been built. It is so important, and these are the people supplying LEADERSHIP and EXPERTISE to an ever increasing Volunteer Corps.

Our organization, "Streetscapes, Inc.", is a direct result of Urban Forestry leadership and advice. We began as a BRANCH of the Mobile Tree Commission with "BRANCH" as an acronym for Better Resource Advocacy Needs Coordinated Help. I am supplying you with clippings on all of this which you can share with your colleagues on the committee.

Here are some of the latest Alabama statistics, all due to Urban Forestry encouragement and guidance. Mobile received the first Tree City, USA award ever given in Alabama. This was in 1980, and we think it was given to us because of the massive volunteer effort that out then, local, Urban Forester (we no longer have one in Mobile) managed to rally to help Mobile recover its tree canopy. Mobile has continued to qualify for Tree City designation every year since 1980. Over the past 5 years, there are now 18 Alabama communities that have been selected as Tree City, USA. There are now 18 new tree regulatory boards in Alabama communities and the list grows yearly.

PLEASE, SENATOR MCCLURE, share this information with your subcommittee members, and do not let them vote to abolish the Urban Forestry funding.

As Americans, my husband and I both feel that budget cuts in many areas will be necessary to reduce the national deficit. My husband, who is a physician, and I have discussed this. We both feel that any reduction in his income due to budget cutting, we will be able to adjust to. We will perceive this adjustment to be a way that we can be a part of a patriotic sacrifice for future generations.

Urban Forestry is one of the brightest new sciences that we have in motion for those same future generations. It should not be impeded or stymied in any way. Please, Senator McClure, seek indepth information on all the present successes of Urban Forestry and the future potential of its programs. They are a corps of the brightest and the best. They have a philosophy based on a blend of environmental conciousness and economic reality. They have the ability to enliven communities, nurture individual responsibility, and to stir voluntarism at the grass roots.

WE MUST KEEP THEIR LEADERSHIP IN PLACE!

I most earnestly and respectfully ask that you respond to this letter.

Sincerely,

Anne G. Wright

Anne G. Wright, President
Streetscapes, Inc.

P. S. I would also respectfully ask that you drive around our beautiful capitol city and try to envision it without a master plan and without the tree management program provided for Washington, D.C., by the National Urban Forestry Service.

STATEMENT OF RON FOX, HOUSE OF REPRESENTATIVES, 21ST DISTRICT, JOHNSON COUNTY, STATE OF KANSAS

I am currently serving as Chairman of the Energy and Natural Resources Committee of the Kansas House of Representatives. I want to request your support to freeze at the FY 1985 level the FY 1986 appropriations for State and Private Forestry programs in the USDA-Forest Service budget.

These programs have delivered numerous benefits to the people of Kansas in the forms of: (1) effective fire protection on 46.4 million acres (94 percent of the state), (2) better management of our 1.5 million acres of privately owned forest land for multiple benefits and products, (3) tree planting for soil and water conservation, and (4) improved establishment and management of public trees in over half the municipalities in the state. These programs represent long-term federal-state cooperation directed at protecting and managing our nation's renewable forest and range resources.

Our Kansas Legislature is certainly aware of the intense competition for limited public funds at both the state and federal levels. Since 1980, our Legislature has increased the state share each year in support of these programs while the federal share has decreased. However, we cannot understand the recommendation that would totally eliminate the federal portion of a successful partnership.

These State and Private Forestry programs are directed at helping landowners, rural fire districts, and communities to help themselves through providing the necessary technical advice, rather than doing the whole job for them. Consequently, these programs are highly cost-effective when federal-state in-put is measured against the reflected out-puts at the local level.

Thank you for the opportunity to submit this statement for the record, and I will appreciate your support of these programs that are directed at assuring adequate forest resources for our nation's future generations.

STATEMENT OF JAMES J. NIGHSWONGER, URBAN FORESTRY PROGRAM LEADER, COOPERATIVE EXTENSION SERVICE, KANSAS STATE UNIVERSITY

The purpose of this testimony is to urge Senate support in restoration of federal funding for the Urban Forestry Program. This program is a part of State and Private Forestry, U.S. Forest Service funding, cost-shared with the states.

Historically the federal appropriation for the Urban Forestry Program has been quite small but we've still been able to operate a viable state-wide effort. In FY 1985 $1.96 million was appropriated with $35,500 earmarked for Kansas. With this money and our state match we have been able to maintain sound urban forestry programs in 75 Kansas communities and are working with 9 new program towns this year. These communities manage a tree resource valued at $128 million dollars. Nearly all of these towns are small and do not have park or forestry departments -- their accomplishments result from organized volunteer Tree Boards, Park Boards, and committees with very modest local funding levels. They rely on our state program for technical assistance and training as well as statewide program coordination.

Clay Center and Beloit are typical communities with effective programs. Clay Center has completed 10 years of program operation during which tree numbers increased 35% with a corresponding increase in value of from $1.9 million to $3.3 million. Beloit has completed 7 years of program effort during which their street side tree numbers were increased 68% with a corresponding increase in value of $402,000.

I understand the importance of reducing the federal deficit. However the elimination of sound programs such as the Urban Forestry Program that accomplish so much with very modest funding levels seems short sighted. Urban Forestry in Kansas is a most successful volunteer program, a concept that I know the President supports. In 1984 with a Federal appropriation of $27,000 we were able to administer and assist local programs that saw an estimated 950 volunteers contribute $267,750 worth of time and effort to the improvement of their urban forests.

I ask you to support, at a minimum, the $1.96 million level that was appropriated for the program in 1985. With this continued funding we can provide leadership and technical assistance to our Kansas towns, many of which have had successful volunteer programs since 1971.

Thank you for the opportunity to submit this statement for the record.

STATEMENT OF KEVIN PROESCHOLDT, EXECUTIVE DIRECTOR, FRIENDS OF THE BOUNDARY WATERS WILDERNESS

The following appropriations requests are made on behalf of the Friends of the Boundary Waters Wilderness for FY 1986 to the Superior National Forest, USDA Forest Service, for implementing the provisions of the Boundary Waters Canoe Area Wilderness Act (P.L. 95-495, 92 Stat. 1649). Please include these comments in the hearing record.

I recently completed a 150-page analysis of the implementation of this law entitled After the Shouting Stopped: Implementation of the Boundary Waters Canoe Area Wilderness Act. This study, and our organization's long involvement with the Forest Service in implementing the 1978 Act, form the basis for the following appropriations requests.

RESORT PURCHASE - $5,000,000 (LAWCON)

Section 5 of P.L. 95-495 allows the owner of a resort on any of 15 named lakes to require the federal government to purchase that resort at fair market value. Congress included this provision so that resorts impacted by the motor restrictions in the 1978 Act could be compensated if the resort owner did not wish to continue operation under the new restrictions. The Forest Service has responded to such purchase demands and has purchased 19 resorts to date, funded by appropriations from the Land and Water Conservation Fund (LAWCON).

No LAWCON appropriations were made for resort purchase in FY 1985 due to the existing carryover balance in the Superior National Forest's budget, but that carryover has now been committed and the balance is zero. This program is nearing completion since the deadline in Sec. 5 for resort purchase requests is Sept. 30, 1985. Because a large number of purchase requests are expected during this last operating season before the deadline, an appropriation of LAWCON funds of $5,000,000 is needed.

This budget item was not included in the President's Budget.

MINERAL ACQUISITIONS - $50,000

The development of privately owned mineral rights within the BWCA Wilderness and Mining Protection Area poses one of the most serious long-term potential threats to the wilderness character and high environmental quality of the areas. Section 11(c) of P.L. 95-495 directs the Forest Service to acquire any minerals or mineral rights within the BWCA Wilderness and Mining Protection Area, through donation, purchase, exchange, or eminent domain.

Congress has not yet appropriated funds for this acquisition work, although the authorization for that appropriation appeared in Sec. 11(f) of P.L. 95-495. The Forest Service has therefore not sought such acquisitions, although two unsolicited donations of mineral rights have occurred and the acquisition of a third set of mineral rights did occur as a result of the purchase of surface ownership.

The Forest Service should begin a small-scale program now to actively seek donations of mineral rights to the federal government in the BWCA Wilderness and Mining Protection Area. As the first step in minerals and mineral rights acquisitions, the Superior National Forest needs one staff complement and support services to begin seeking the donation of these minerals and to process the donations as they are made. An appropriation of $50,000 is needed to cover this expense.

This item was not included in the President's budget.

RECREATION - $400,000

The Recreation line item in the Superior National Forest's budget has funded several needed activities for administering the BWCA Wilderness in the broad recreation category. One of these activities is the User Education Program ($100,000).

Sec. 18(c) of P.L. 95-495 directs the Forest Service to develop a User Education Program to assist recreational users "to understand the purpose, value, and appropriate use of wilderness lands and the functioning of natural ecosystems in wilderness." Such a worthwhile program is vitally important especially in the BWCA Wilderness which, as the nation's most heavily visited wilderness, sustains over 1,000,000 recreation visitor days annually. The Superior National Forest has done an excellent job with limited funds to develop a User Education Program, but needs continued funding for this program.

Other programs in this category include Wilderness Administration ($150,000) for the many activities involved in actually managing a wilderness as large and complex as the BWCA, the Computer Reservation System ($75,000) which is used to distribute visitors evenly to avoid congestion, and the Resort Protection and Disposal Program ($75,000) for protecting the resort properties during the time immediately after purchase and for the costs involved in the ultimate disposition of the purchased resorts.

This item was not included in the President's budget.

BWCA FUNDING IN PRESIDENT'S BUDGET

Our organization supports the following BWCA budget items which were included in the President's Budget.

RECREATION CONSTRUCTION - $93,000. The Forest Service has managed the recreation construction program in accordance with Sec. 18 of P.L. 95-495 to provide recreation opportunities on the Superior, including projects for motorized recreation outside the BWCA Wilderness. Up through FY 1983 the Forest Service has constructed 9 boat accesses, 15 trailheads, 62 dispersed campsites, and 154 miles of trails both within and outside the BWCA Wilderness.

FORESTRY RESEARCH - $300,000. Funding for this program has been used to carry out the directive of Sec. 6(c) of the Act to emphasize softwood timber production and hardwood utilization. In the past the Forest Products Laboratory and the North Central Forest Experiment Station have utilized this funding for dozens of research projects aimed at fulfilling this directive. This is an excellent program which should be continued.

STAFF FORESTRY GRANT - $3,000,000. Congress has appropriated $3,000,000 annually to carry out the provisions of Sec. 6(d) of the Act as a grant to the State of Minnesota for state and private forestry management intensification. This grant has been matched annually by the State with $750,000 as its share in the 80-20 match. The program deserves continued funding.

STATEMENT OF BAILEY HUDSON, PARK SUPERINTENDENT OF PARKS AND STREET TREES, SANTA MARIA, CA

The City of Santa Maria has been receiving technical assistance from the United States Department of Agriculture Forest Service Pacific Southwest Forest and Range Experiment Station in Berkeley, California.

Technical assistance has been in the form of computer programming. Santa Maria has 20 years of tree maintenance data that is currently being computerized. Software is being developed by the U. S. Forest Service Pacific Southwest Forest and Range Experiment Station in Berkeley, California. Upon completion of this program an accurate projection of tree maintenance costs can be developed for several tree species for the next 20 years. The software will also provide for a street tree inventory, maintenance time standards and many other useful management tools. These programs are invaluable to urban forest managers.

The market value of the software has been estimated at $20,000. Obviously it is public domain and will be available to other cities throughout the United States. More than 20 cities in California are interested in obtaining the program. Assuming that these 20 cities would have purchased the software from private sources the collective cost would be $400,000 (20 cities @ $20,000 each = $400,000). For an initial investment of $40,000 in urban forestry research funds, the net return is theoretically $380,000.

It is unknown at this time the number of other cities in the U.S. that may be interested in the software. Increased management efficiency and spillover benefits of this project are perhaps incalculable. This is but one example of cost effective research by the U. S. Forest Service.

Considering the acid rain problems, the global loss of 50 million acres of forest land, and the fact that we are rapidly approaching the threshold of thermal pollution, the importance of urban vegetation management is becoming more significant. There are some profound consequences that seem likely to occur if research money is reduced; (1) lack of cost effective research and programs involving management of urban and natural vegetation will cause further deterioration of these resources, (2) cities may eventually be forced to abandon their urban forestry programs, (3) abandonment creates potential public liabilities, (4) environmental decay creates public health, welfare, and economic problems.

In considering research funding levels the subcommittee must also contemplate the goals of the National Environmental Policy Act that states:

Goals:

In order to carry out the foregoing policy, Congress has determined that it is the continuing responsibility of the federal government to use all practicable means, consistent with other essential considerations of national policy, to improve and coordinate federal plans, functions, programs and resources to the end that the nation may:

1. Fulfill the responsibilities of each generation as trustee of the environment for succeeding generations;
2. Assure for all Americans safe, healthful, productive and aesthetically and culturally pleasing surroundings;

3. Obtain the widest range of beneficial uses of the environment without degradation, risk to health or safety, or other undesirable and unintended consequences;

4. Preserve important historic, cultural, and natural aspects of our national heritage; and maintain, wherever possible, an environment which supports diversity and variety of individual choice;

5. Achieve a balance between population and resources use which will permit high standards of living and wide sharing of life's amenities; and

6. Enhance the quality of renewable resources and approach the maximum attainable recycling of depletable resources.

Certainly the federal government is at least morally bound and obligated for assistance by the N.E.P.A. goals. Obviously national environmental problems have expanded dramatically since the 1979 $3.6 million level of funding.

To not restore the $3.6 million for U.S.D.A. Forest Service research may be a crime against our descendants, and would be a mockery of the National Environmental Policy Act.

Thank you for the opportunity to submit a statement for the record.

STATEMENT OF PETER KIRBY, SENIOR COUNSEL, RESOURCE PLANNING AND ECONOMICS DEPARTMENT, THE WILDERNESS SOCIETY

Mr. Chairman, I am Peter Kirby, Senior Counsel to the Resource Planning and Economics Department at The Wilderness Society. As my colleague, Barry Flamm, has pointed out, we are committed to the goal of bringing genuine multiple-use balance to the national forests. In the present FY86 budget request, the resource development and exploitation line items (e.g., timber sales, minerals, grazing) total approximately $600 million. In contrast, the resource stewardship programs (e.g., soil and water, wildlife and fish, recreation and trails, and land acquisition) are allocated one-fourth this amount -- $170 million. Thus, we are proposing a redirection of the Forest Service budget to achieve better and more balanced multiple-use funding. This would be accomplished systematically by reducing the budget for timber sales and mineral development ten percent annually for the next five years. These funds should be re-allocated for use on wildlife and fish, soil and water protection, recreation and land acquisition.

Phase-out of Below-cost Timber Sales

The single major reason for the present multiple-use imbalance is the timber sales program. In this year's budget request, the timber sales program costs $542 million (not counting another $190 million in purchaser road credits). This accounts for over 40% of the total budget of $1.3 billion for National Forest System management, including road construction. Among the many reasons for considering this spending level for timber sales as excessive, most telling in this age of federal budget deficits is that a substantial volume of the timber is sold below-cost, that is, at prices that do not even recover the basic costs to the federal government of preparing and making possible the sales. Even the Forest Service admits these facts of life. In the latest report of the Forest Service for FY 1983, they disclose that 37% of the volume sold in that year returned receipts less than costs (p. 24). By our calculations, in the last ten years, the Forest Service spent $2.1 billion more on growing and harvesting trees than it received in payments for federal timber. Thus, there are sound economic as well as environmental reasons for reducing the dominance of the timber sales program and bringing it into better balance with other multiple-uses.

In our testimony last year, we presented the Committee a forest-by-forest analysis of timber sales in FY 1982 in terms of costs and receipts. Our analysis showed that 97 of 119 national forest units failed to cover timber sale costs with the receipts from those sales. Indeed, 75 failed to cover even half of their costs. Last summer, we expanded the study to include additional years, 1978 and 1983, to encompass the full range of economic conditions and published a report -- Sample, Below-cost Timber Sales on the National Forests, The Wilderness Society, 1984 -- which is being submitted for the Committee's files.

Our study found that although the amount of money lost on below-cost sales varies from year to year, the geographic pattern remains the same. In all the years examined, timber was sold at a net loss in a majority of the National Forest System regions -- Northern, Eastern, Intermountain, Rocky Mountain, and Alaska. This conclusion has been reached independently and by different methods in several major studies. Taxpayer losses correspond directly to timber development activities on lands that are low in productivity and difficult and expensive to reach by roads; e.g., arid, mountainous areas of the Rocky Mountain West, where tree growth and regeneration are slow and many miles of new roads must be constructed over steep terrain and unstable soils. To give the Committee a more detailed basis for reviewing these conclusions, attached is Appendix I from the study with a forest-by-forest analysis of timber sale receipts and costs.

In the debate over this issue this past year, the Forest Service has frequently pointed out that the timber sale program as a whole has yielded a positive net return in most years. It is true that the National Forest System often produces more annual timber receipts than is spent on direct timber management activities. High value timber cut in the Pacific Northwest and South tend to cover up losses consistently incurred in five of the nine Forest Service regions. The TWS study found that, for the years 1978, 1982 and 1983, the national forest timber sales program as a whole yielded a positive net return of $794 million dollars. However, losses in five regions in those same years amounted to over $452 million. Had the loss in these regions not occurred, the National Forest System would have shown a net return of at least $1.25 billion. So, although the system showed a positive gain overall, the losses are nonetheless substantial.

The Forest Service also frequently faults the methods used to allocate road costs to the timber sales program (even though it admits that 95% of the forest road funds go to roads needed for access to timber). See Explanatory Notes at page 254. We remain convinced that a substantial portion of road costs should be attributed to the timber sales program and further invite the Committee to review the attached Appendix I for FY 1982. For Region 2 (Rocky Mountain), for example, the timber receipts ($2 million) do not begin to cover the timber sale management costs alone ($18 million). (Road costs total another $18 million.) This pattern holds true also for Regions 1, 3, 4, 9 and 10 in our study. Thus, the Forest Service cannot dismiss this issue by faulting its critics for their road cost allocation.

Under the proposed FY 1986 budget, below-cost timber sales will continue, regardless of public and Congressional concerns. Although the overall budget for timber sales is down somewhat from FY 1985 levels, the volume of timber scheduled for sale in the areas that consistently incur the greatest economic losses shows no significant reduction. Furthermore, stumpage prices for many of the timber species in the losing regions have not changed substantially since 1983, the most recent year examined in The Wilderness Society study. Comparing the volume sold in that year with the proposed 1986 sale volume, we estimate the taxpayer will lose approximately $190 million on the FY 1986 proposed timber program.

The Wilderness Society commends this Committee for its initiative last year in seeking to reduce funding for timber sales-below-cost. This continues to be major budget fat that should be trimmed. We also commend the Committee for its direction that the Forest Service develop a comprehensive cost and benefit timber accounting system. However, from early indications, we are concerned that the Forest Service is not developing a system that will fully and fairly take all costs into account. In particular, based on last year's Forest Service analysis in response to this Committee's reduction in funding for sales-below-cost and recent testimony by the Chief, we are concerned that road construction costs will not be included. So too, while the Forest Service is working hard to quantify what it sees as the multiple-use benefits of roads and timber cutting, we are concerned that it will neglect to include the related costs to other multiple uses, e.g., degradation of water quality, lost primitive recreation opportunities, reduction in undisturbed wildlife habitat and so forth. To assure that its initiative of last year is faithfully implemented, we urge the Committee to rigorously oversee the development of the timber cost-benefit accounting system.

Reduction of Road Construction

The Forest Service road system on the national forests presently totals over 342,000 miles, one of the largest transportation systems for any agency in the world. The FY 1986 budget proposes to construct another 7,682 miles of permanent road at a total cost of $404 million. This includes $190 million for purchaser road credit (deducted from timber receipts) and $214 for appropriated fund roads. As noted, the Forest Service states that 95% of the funds go to roads needed for access to timber; one percent of the funding is for recreation roads. Road costs can be very expensive, up to $220,000 per mile. By way of contrast to this $400 million road construction program for timber, the Administration is requesting only $3.3 million, less than 1% of the road total, for trail construction. This would be a major reduction of an already small program, funded at $7.1 million in 1985. At the same time that the budget request proposes to build 7,682 miles of new permanent roads, it would reduce spending for maintenance of the existing road system. According to the Explanatory Notes, "needed work" would not be done on over 163,000 miles of road under this budget. In other words, almost half the existing road system would not be adequately maintained under this budget. Thus, this budget proposes that road building proceed full-steam ahead even though the existing system is not being maintained and other needs for trail construction are going unmet.

In addition, we are concerned that the Forest Service intends to push rapidly forward to build roads in roadless areas, both areas still under study for wilderness and areas released in last year's wilderness legislation -- to remove forever consideration of these areas as wilderness. In the Explanatory Notes, the Forest Service states, "FRP (forest road program) financed construction will be directed to those areas that provide access into new areas." (Page 10.) Further, as the Committee may be aware, the Forest Service has adopted as official policy in its

Manual that for some regions the first priority of its roadbuilding program is to road RARE II and other roadless lands. The legality of this policy has been challenged in National Wildlife Federation v. Coston, USFS (#84-152-M, Montana). In states without RARE II legislation, e.g., Montana and Idaho, such a Forest Service policy directly interferes with Congressional prerogatives in choosing which areas to designate as wilderness.

The Forest Service report "Development Activities in Roadless Non Wilderness" indicates that over 2 million board feet of timber is scheduled to be harvested from these areas in FY 1986, destroying the wilderness potential of over one million acres. However, according to the Forest Service, this report is out of date; therefore, we recommend that the Committee request information from the Forest Service on the number of timber sales, board feet scheduled for cutting, and miles of roads to be built in roadless areas. To continue to road these areas and diminish their wildland characteristics while knowingly taking a financial loss on the timber defies all notions of common sense. We call upon this Committee to review the Forest Service's plans to road currently unroaded non-wilderness areas and see that sound economic judgment is injected into the decision process.

In sum, Mr. Chairman, we ask the Committee to help make multiple use a reality on the national forests by reducing funding for timber sales-below-cost and roadbuilding.

APPENDIX I
TIMBER COSTS AND RECEIPTS ON THE NATIONAL FORESTS AND REGION, FY 1982

	Timber Costs			Estimated Timber Receipts[3]	Net Timber Receipts	Ratio of Timber Receipts To Costs
Forest	Management[1]	Roading[2]	Total			
Region 1	---------------------Thousands of Dollars-------------------					
Beaverhead	1,340	1,067	2,407	146	-2,261	.06
Bitterroot	2,191	911	3,102	1,062	-2,040	.34
Panhandle	8,903	5,692	14,595	12,152	-2,443	.83
Clearwater	5,254	4,827	10,081	2,627	-7,454	.26
Custer	248	298	546	20	-526	.04
Deerlodge	1,303	760	2,063	141	-1,922	.07
Flathead	5,252	3,502	8,754	5,214	-3,540	.60
Gallatin	1,496	1,262	2,758	168	-2,590	.06
Helena	1,314	1,131	2,445	410	-2,035	.17
Kootenai	7,802	6,726	14,528	8,768	-5,760	.60
Lewis and Clark	807	930	1,737	35	-1,702	.02
Lolo	5,045	4,667	9,712	1,660	-8,052	.17
Nezperce	3,214	4,240	7,454	1,796	-5,658	.24
Regional Office Admin.	7,325	-	7,325	-	-7,325	-
Total: Region 1	51,494	36,013	87,507	34,199	-53,308	.39
Region 2						
Bighorn	818	864	1,682	24	-1,658	.01
Black Hills	4,139	3,217	7,356	601	-6,755	.08
GMUG	1,689	1,435	3,124	123	-3,001	.04
Medicine Bow	1,634	2,055	3,689	66	-3,623	.02
Nebraska	25	-	25	-	-25	.00
Rio Grande	1,507	3,352	4,859	103	-4,756	.02
Arapaho-Roosevelt	1,007	1,672	2,679	232	-2,447	.09
Routt	1,204	2,530	3,734	228	-3,506	.06
Pike-San Isabel	1,023	337	1,360	299	-1,061	.22
San Juan	1,373	1,576	2,949	82	-2,867	.03
Shoshone	560	361	921	51	-870	.05
White River	816	832	1,648	128	-1,520	.08
Regional Office Admin.	2,500	-	2,500	-	-2,500	-
Total: Region 2	18,295	18,231	36,526	1,937	-34,589	.05
Region 3						
Apache-Sitgreaves	2,967	1,666	4,633	4,443	+190	.96
Carson	1,319	654	1,973	305	-1,668	.15
Cibola	546	1,054	1,600	200	-1,400	.12
Coconino	2,187	738	2,925	2,490	-435	.85
Coronado	134	-	134	39	-95	.29
Gila	1,150	608	1,758	38	-1,720	.02
Kaibab	1,701	1,404	3,105	2,653	-452	.85
Lincoln	645	273	918	52	-866	.06
Prescott	250	18	268	30	-238	.11
Santa Fe	1,636	1,116	2,752	462	-2,290	.17
Tonto	512	176	688	40	-648	.06
Regional Office Admin.	3,376	-	3,376	-	-3,376	-
Total: Region 3	16,423	7,707	24,130	10,752	- 13,378	.44

APPENDIX I: (continued)

	Timber Costs			Estimated	Net	Timber
Forest	Management[1]	Roading[2]	Total	Timber Receipts[3]	Timber Receipts	Receipts To Costs
Region 4	----------------thousands of dollars------------------					
Ashley	576	666	1,242	111	-1,131	.09
Boise	3,764	2,173	5,937	810	-5,127	.14
Bridger-Teton	1,077	632	1,709	269	-1,440	.16
Caribou	588	376	964	116	-848	.12
Challis	230	162	392	43	-349	.11
Dixie	1,289	1,056	2,345	49	-2,296	.02
Fishlake	305	249	554	7	-547	.01
Humboldt	35	-	35	1	-34	.03
Manti-LaSal	251	271	522	40	-482	.08
Payette	2,722	2,982	5,704	1,394	-4,310	.24
Salmon	1,922	1,539	3,461	340	-3,121	.10
Sawtooth	766	1,066	1,832	191	-1,641	.10
Targhee	2,437	1,657	4,094	410	-3,684	.10
Toiyabe	411	56	467	192	-275	.41
Uinta	231	118	349	42	-307	.12
Wasatch	923	738	1,661	160	-1,501	.10
Regional Office Admin.	3,788	-	3,788	-	-3,788	-
Total: Region 4	21,315	13,741	35,056	4,175	-30,881	.12
Region 5						
Angeles	70	-	70	22	-48	.31
Cleveland	55	-	55	20	-35	.36
Eldorado	2,694	5,008	7,702	8,792	+1,090	1.14
Inyo	601	90	691	54	-637	.08
Klamath	9,203	5,857	15,060	14,591	-469	.97
Lassen	3,760	1,577	5,337	19,133	+13,796	3.58
Los Padres	111	-	111	22	-89	.20
Mendocino	2,617	2,005	4,622	1,890	-2,732	.41
Modoc	1,644	1,147	2,791	2,522	-269	.90
Six Rivers	5,117	7,152	12,269	11,908	-361	.97
Plumas	5,006	4,184	9,190	8,000	-1,190	.87
San Bernardino	579	34	613	218	-395	.36
Sequoia	2,559	6,133	8,692	1,700	-6,992	.20
Shasta-Trinity	6,456	3,449	9,905	9,927	+22	1.00
Sierra	2,984	4,393	7,377	1,526	-5,851	.21
Stanislaus	3,645	3,415	7,060	3,910	-3,150	.55
Tahoe	3,633	2,006	5,639	4,420	-1,219	.78
Lake Tahoe Basin	149	6	155	35	-120	.23
Regional Office Admin.	9,568	-	9,568	-	-9,568	-
Total: Region 5	60,451	46,456	106,907	88,690	-18,217	.83

APPENDIX I: (continued)

Forest	Timber Costs			Estimated Timber Receipts[3]	Net Timber Receipts	Timber Receipts To Costs
	Management[1]	Roading[2]	Total			
Region 6	----------------thousands of dollars------------------					
Colville	2,556	4,378	6,934	2,183	-4,751	.31
Deschutes	5,436	1,860	7,296	11,699	+4,403	1.60
Fremont	3,364	6,110	9,474	10,049	+575	1.06
Gifford Pinchot	6,970	10,576	17,546	28,112	+10,566	1.60
Malheur	3,395	4,692	8,087	9,889	+1,802	1.22
Mt. Baker-Snoqualmie	4,473	17,229	21,702	18,479	-3,223	.85
Mt. Hood	6,708	13,932	20,640	34,877	+14,237	1.69
Ochoco	2,672	3,193	5,865	7,286	+1,421	1.24
Okanogan	1,910	2,433	4,343	1,684	-2,659	.39
Olympic	5,561	11,146	16,707	10,267	-6,440	.61
Rogue River	4,900	6,885	11,785	21,978	+10,193	1.86
Siskiyou	5,693	20,448	26,141	22,613	-3,528	.86
Siuslaw	6,633	9,610	16,243	42,228	+25,985	2.60
Umatilla	3,415	4,310	7,725	4,058	-3,667	.52
Umpqua	5,416	18,673	24,089	41,615	+17,526	1.73
Wallowa-Whitman	4,921	4,259	9,180	3,883	-5,297	.42
Wenatchee	2,680	5,538	8,218	4,705	-3,513	.57
Willamette	10,144	32,113	42,257	76,653	+34,396	1.81
Winema	3,427	1,393	4,820	18,549	+13,729	3.85
Regional Office Admin.	16,221	-	16,221	-	-16,221	-
Total: Region 6	106,495	178,778	285,273	370,807	+85,534	1.29
Region 8						
Alabama	2,251	1,565	3,816	5,299	+1,483	1.39
Daniel Boone	1,113	1,576	2,689	432	-2,257	.16
Chattahoochee-Oconee	1,866	1,315	3,181	2,357	-824	.74
Cherokee	1,208	1,876	3,084	720	-2,364	.23
Florida	2,454	1,185	3,639	6,269	+2,630	1.72
Kisatchie	2,915	1,499	4,414	10,366	+5,952	2.35
Mississippi	3,952	1,475	5,427	21,143	+15,716	3.90
George Washington	1,256	2,389	3,645	357	-3,288	.10
Ouachita	6,529	2,483	9,012	12,637	+3,625	1.40
Ozark - St. Francis	1,652	1,245	2,897	2,606	-291	.90
North Carolina	2,610	4,221	6,831	2,115	-4,716	.31
Francis Marion-Sumter	2,239	1,401	3,640	9,007	+5,367	2.47
Texas	2,537	1,093	3,630	11,176	+7,546	3.08
Jefferson	989	1,686	2,675	226	-2,449	.08
Regional Office Admin.	5,597	-	5,597	-	-5,597	-
Total: Region 8	39,168	25,009	64,177	84,710	+20,533	1.33

APPENDIX 1: (continued)

Forest	Timber Costs: Management[1]	Timber Costs: Roading[2]	Timber Costs: Total	Estimated Timber Receipts[3]	Net Timber Receipts	Timber Receipts To Costs
Region 9	------------------thousands of dollars---------------------					
Allegheny	1,565	785	2,350	5,176	+2,826	2.20
Chequamegon	1,375	1,226	2,601	683	-1,918	.26
Chippewa	2,255	2,046	4,301	729	-3,572	.17
Green Mountain	707	842	1,549	227	-1,322	.15
Hiawatha	1,392	1,626	3,020	476	-2,544	.16
Huron - Manistee	1,858	239	2,097	1,157	-940	.55
Mark Twain	3,653	1,368	5,021	1,525	-3,496	.30
Monongahela	1,266	1,847	3,113	919	-2,194	.30
Nicolet	2,143	1,616	3,759	730	-3,029	.19
Ottawa	1,974	626	2,600	1,590	-1,010	.61
Shawnee	731	396	1,127	286	-841	.25
Superior	2,600	3,270	5,870	551	-5,319	.09
Wayne - Hoosier	808	65	873	775	-98	.89
White Mountain	1,074	1,066	2,140	726	-1,414	.34
Regional Office Admin.	2,776	--	2,776	--	-2,776	--
Total: Region 9	26,177	17,020	43,197	15,550	-24,647	.36
Region 10						
Chugach	1,219	381	1,600	10	-1,590	.01
Tongass[4]	18,213	21,770	39,983	3,380	-36,603	.08
Regional Office Admin.	3,295	-	3,295	-	-3,295	-
Total: Region 10	22,727	22,151	44,878	3,390	-41,488	.07

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[1] Management costs include timber sale preparation and administration, specific activities in support of timber sales (e.g., hydrologists, soil scientists), and the portion of reforestation and timber stand improvement attributable to the timber sales program. Timber salvage and brush disposal costs are not included.

[2] Road building costs include road construction from appropriated funds and engineering support. Purchaser road credit costs are not included.

[3] Timber sale receipts are based on "statistical high-bid" values for timber prepared and sold during FY1982. This does not include the value of roads constructed by timber purchasers.

[4] Includes timber costs and estimated receipts for 50-year contracts in the Tongass National Forest.

[5] By law, 25% of "gross timber receipts" must be paid to the states. Gross timber receipts is defined as cash receipts plus the value of purchaser constructed roads. For FY 1982 this is $614.2 million in anticipated timber receipts, plus $193.8 million in purchaser road credits obligated with FY 1982 timber sales. Thus the 25% payment to states would be $202.0 million.

[6] If the 25% payment to states is deducted, net loss to the federal government on national forest timber operations in FY1982 is estimated to be $316.9 million.

SOURCES: Forest Service Testimony, U.S. House Committee on Appropriations, Department of the Interior and Related Agencies Appropriations for 1984, Part II.

Personal communication with Engineering Staff, U.S. Forest Service, Arlington, Virginia, February, 1984.

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U.S.. Forest Service, Report of the Forest Service, Fiscal Year 1983, Washington, D.C., 1984.

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STATEMENT OF BARRY R. FLAMM, CHIEF FORESTER, THE WILDERNESS SOCIETY

Mr. Chairman, I am Barry R. Flamm, Chief Forester of The Wilderness Society. By way of background, I have extensive experience in natural resource management and policy formulation, particularly with respect to our national forests. I spent nineteen years of my 30-year professional career with the U.S. Forest Service at all levels of the agency, including Forest Supervisor of the Shoshone National Forest. I also served as senior staff for public lands and natural resources for the Council on Environmental Quality during three Presidential administrations, and from 1978 to 1981, I directed the Office of Environmental Quality at USDA.

I am pleased to have the opportunity to appear before you today on behalf of The Wilderness Society's 130,000 members. The Wilderness Society, celebrating its 50th anniversary this year, is dedicated to the sound principle of balanced, multiple use on the nation's forests and range lands and to the protection of our wildlands. Since its inception, The Society has maintained a particularly strong interest in our National Forests. Indeed, two of the Society's founders, Aldo Leopold and Robert Marshall -- leading conservationists of their time -- were Forest Service officials.

The Society believes that forest management should stress the value of protecting and maintaining biological diversity and the importance of wild areas. Furthermore, renewable resources should be developed only on a sustained and renewable basis. Commodity development activities should be carried out in a manner that protects and enhances the ability of renewable resources to replenish themselves in perpetuity. We are also concerned that taxpayers' money be spent wisely on forest management. Given these premises, it is TWS' opinion that the National Forests are not currently being managed in the best interest of the American people who have entrusted the Forest Service with stewardship of the land.

Our purpose today is to call to your attention serious problems in the proposed FY1986 Forest Service budget. We will discuss five broad categories:

1) Achieving better multiple-use management of the national forests through a reallocation of funding.

2) Restoring the research budget and reinstating the urban forestry program.

3) Providing for quality professional and scientific personnel within the Forest Service.

4) Phasing out below-cost timber sales.

5) Reducing ecologically destructive and economically unsound road construction.

Peter Kirby will address the problems of below-cost sales and unsound roads.

The Forest Service Budget

The basic laws guiding the management of the National Forests are founded on the principle of multiple use conservation. Yet, the 1986 Forest Service budget suggests that the Multiple-Use Sustained Yield Act, the National Forest Management Act, and the National Environmental Policy Act are meaningless. The resource development and exploitation line items (e.g., timber sales, minerals, grazing) total approximately $600 million. In contrast, the resource stewardship programs (e.g., soil and water, wildlife and fish, recreation and trails, and land acquisition) are allocated less than one-third this amount--$170 million.

Critical resource protection programs are seriously neglected under the proposed budget. For example, the National Forest System is key to the survival and recovery of many threatened and endangered species such as the grizzly bear and California condor. Habitat for 72 listed and proposed endangered species is being managed on National Forest System lands. There are also 25,000 plant species that are official candidates for listing. Yet, the 1986 budget severely cuts the endangered and threatened species habitat environment program to one-third of the current year's budget, down to $1,585,000.

Not only endangered species face neglect. The value of wildlife on the National Forests is enormous. The System provides most of the habitat for many game fish and wildlife species, such as moose, black bear, bighorn sheep, elk, and cutthroat trout. As one example, 75% of all the elk harvested comes from NFS lands.

The Forest Service estimates that the waters of the National Forests have the potential annually to produce 190 million pounds of salmon and steelhead, valued at $229 million dollars. The enormous value of wildlife is not reflected in the 1986 proposed budget which has been reduced 24% since 1981.

Compared to 1985, the recreation program is cut by 4% despite 240 million visitor-days on the National Forests last year. This added to a 40% reduction from 1981-1985 is seriously impairing the effectiveness of the recreation program.

A principal purpose for establishing the National Forests was for watershed protection. Yet, the soil and water program remains a very small portion of the budget (3 %), and is further cut this year. In addition, no new land acquisitions are requested in the Land and Water Conservation Fund program for National Forests.

The proposed budget will relentlessly push the National Forests toward intensive commodity development and increased environmental degradation, accompanied by ever-diminishing lands for recreation and wildlife, and loss of critical biological diversity. This trend is intensified by recent National Forest plans prepared by the Forest Service. As examples, plans in three Colorado National Forests propose doubling timber harvests; for the George Washington National Forest, the plan proposes to triple timber harvests and quadruple road networks; the Bridger-Teton five-year plan would triple road construction and reconstruction; the Cherokee National Forest plan proposes tripling timber harvest and doubling road mileage; and the White Mountain National Forest plan proposes doubling both timber harvesting and permanent road mileage.

Certainly, timber harvesting and grazing of domestic livestock are important uses of the National Forests. But, a reasonable balance must be achieved in the National Forest budget, emphasizing other equally important, non-exploitive uses.

The Wilderness Society proposes an alternative to the Reagan Administration's Forest Service budget. Our alternative recognizes the value of all the uses and products of the National Forests, including the importance of the National Forests to local communities. We believe that a strengthened program for watershed protection, fish and wildlife, cultural resources and recreation, and preservation of natural diversity will significantly increase the National Forests' contribution to the nation. However, change must be achieved slowly and carefully to minimize disruptions to communities, industries, and to the people of the Forest Service.

The Society's alternative to the Administration's Forest Service budget is to:

1) Achieve better multiple-use management of the National Forests through a balance of funding. This would be accomplished systematically by reducing the budget for timber sales and mineral development ten percent annually for the next five years. These funds should be re-allocated for use on wildlife and fish, soil and water protection, recreation (especially dispersed recreation, wilderness management, wild and scenic river studies and cultural resources programs), re-vegetation and reforestation backlog, and land acquisition to protect biological diversity, watershed, and recreation.

2) Restore Forest Research Budget and the Urban Forestry Program.
Management of the nation's natural resources is demanding and challenging. It must be supported by sound research. The proposed cut of $17 million from the Forest Service research program should be restored, with renewed effort devoted to research for:

    a) The protection of biological diversity, wildlife and endangered species, and impacts of acid rain. The Administration's budget, for example, cuts acid rain research in half, delays anadromous fish research in Alaska, discontinues research on wintering bald eagles in Washington, terminates research on birds of prey in Missouri, terminates cold water fish research in the Appalachian Mountains, reduces important air quality research, reduces forest insect and disease research, reduces critical research in the understanding of productivity of old growth stands in the Pacific Northwest.

    b) Research geared to assist the small timberland owners in wisely managing their land for a profit.

The administration proposes no funds for the popular and useful urban forestry program. This small -- less than $2 million -- program assisted 3,900 communities in all 50 states, Guam, Puerto Rico, and the Virgin Islands last year. We recommend restoration of this program in the budget.

3) Ensure continuation of quality professional and scientific personnel within the Forest Service sufficient for sound resource management.
The Reagan Administration has cut the Forest Service staffing by 20 percent in the past four years. Certainly we support efficiency in government. However, long-term, high quality management of the National Forests requires a mix of professionals and scientists. Further cuts in personnel would greatly undermine achievement of sound resource management and present a severe threat for the stewardship of the National Forests.

STATEMENT OF DAVID L. SUMNER, CHAIRMAN, WATERSHED FIRE COUNCIL OF SOUTHERN CALIFORNIA

The Watershed Fire Council of Southern California is an advisory group appointed by the Board of Supervisors of nine Southern California counties. We are concerned about increasing fire protection problems for a vast area of forest and brushlands where fire hazard is one of the world's worst. Public costs and losses in Southern California average $ 45 million per year.

The USDA-Forest Service, in cooperation with state, county, and municipal fire agencies, is struggling with this ever increasing protection problem. Population statewide is increasing by more than 400,000 persons annually. Most of this growth is occurring in Southern California where the potential for forest fires and losses are the greatest. Law enforcement and related arson problems are increasing, thus further complicating fire protection in Southern California. A strong watershed and fire protection program is essential. Reduced appropriations now will result in far greater future costs in dollars, in resources losses, and in human suffering. It is also poor economy.

The Council also appreciates and asks support of the following vital, cost-effective programs. They are in harmony with the goal of a balanced Federal budget.

I. FOREST FIRE PROTECTION
(Listed under National Forest System-Land and Water Resources)

RECOMMENDED FY'86	$ 203.4 million
Administration's Proposal FY'86	153.533 million
Funded FY'85	156.7 million
Funded FY'84	154.9 million

The Fire Council supports a 1986 appropriation that is most cost efficient based on the National Fire Management Analysis. This covers wildfire prevention, presuppression, fuel management, aviation and suppression. Technology transfer is a part of all of these.

Though Congress supports the most cost-efficient funding level as indicated by past appropriations, they have been unable to totally fund this level to date. Proposed 1986 funding is almost 50 million below the most efficient level. (The 1985 Appropriation Notes, pages 125-126, describe the most efficient fire organization).

The next six years (1985-1991) are expected to be average to above average according to the 1980 Fire Protection Budget Analysis projections. The years 1981-1984 were below normal fire severity.

The Watershed Council appreciates the FY'85 Congressional authorization for aircraft replacement and encourages the same for FY'86. Only through timely replacements of aging aircraft can the Forest Service maintain an efficient air capability for fire protection.

Chaparral and related plant communities represent much of Southern California watershed lands. One of the objectives of fire agencies in Southern California is to manage these plant communities by systematically treating the vegetation to reduce the incidence of catastrophic fires while providing benefits to other resources such as water, wildlife, range, and recreation. Prescribed burns and constructed fuelbreaks establish a mosaic of early growth vegetation that is less volatile to fire spread along with a network of fuelbreaks, all designed for reducing the loss from wildfire. This has proven cost effective where the spread of catastrophic wildfire was checked.

In FY'1984, the Southern California National Forests treated 30,000 acres with prescribed fire. There still remain many thousands of acres of continuous chaparral covered watersheds that are in need of treatment. These Forests have identified a need to manage 76,000 acres per year of chaparral covered watersheds to significantly reduce the occurrence of catastrohpic wildfire. This program, if implemented, will eventually reduce the annual National emergency firefighting supplement now at 70 million annually.

II. RURAL FIRE PREVENTION AND CONTROL
(Listed under State and Private Forestry-Coop Land and Resource Protection)

RECOMMENDED FY'86	$ 21.0 million
Administration's Proposed FY'86	3.200 million
Funded FY'85	13.720 million
Funded FY'84	13.997 million

States utilize these cooperative funds to provide fire protection for wildlands with emphasis on high-value watersheds and areas such as the rural/urban interface. This Federal/State effort recognizes the public good derived from protecting the Nation's state and private resources, as well as transferring new technology to user groups. Protecting these lands is essential for reducing flood threats to downstream citizens, industries, and governments, as well as reducing Federal emergency costs. Reduced State programs also adversely affect essential cooperative fuel management and suppression efforts on National Forests and adjoining private lands. Funding at the FY'85 level created serious impacts on State fire protection and is 35 percent below a cost-efficient program.

We strongly support the findings of the House Appropriations Committee. It was found that even though fire control on state and private land is largely funded through non-Federal sources, this programs needs to be strengthened to ensure adequate fire protection on both Federal and non-Federal lands so as to reduce the potential for costly damages and losses.

III. FIRE RESEARCH
(Listed under Forest Research-Fire and Atmospheric Sciences Research).

RECOMMENDED FY'86	$ 10.4 million
Administration's Proposal FY'86	7.312 million
Funded FY'85	7.926 million
Funded FY'84	7.787 million

The National Fire Research Program has suffered major budget reductions in the last several years. The impact of additional reductions in FY'86 is significant to Southern California. Four fire research programs at the Pacific Southwest Forest and Range Experiment Station's Riverside Fire Laboratory are directed at critical fire and watershed problems.

These include --

- Developing improved prescribed burning guides that provide safe burning prescriptions for meeting fire hazard reduction objectives.

- Developing methods for allocating fire management funds and for determining costs/benefits of fire management programs.

- Solving high priority vegetation and sedimentation management problems in Southern California. (These will aid in preventing and controlling wildfires/floods which cause multi-million dollar damages annually).

- Developing better tools for predicting location and severity of winds in mountainous terrain.

Returning to the FY'82 funding level of $10.4 million will restore fire research to an adequate program level in these vital projects applicable to Southern California, as well as through the United States.

IV. FLOOD PREVENTION OPERATIONS
(Listed in Agricultural Budget-Soil Conservation Service)

RECOMMENDED FY'86	$ 24.0 million
Administration's FY'86 Proposal	0
Funded FY'85	23.2 million
Funded FY'84	23.2 million

Two programs vital to Southern California are funded through the Soil Conservation Service. The Council feels it is unwise to reduce these funds below the FY'85 level. They are a small preventive investment compared to costly emergency work during or following wildfires.

The Santa Ynez Watershed on the Los Padres National Forest and the Los Angeles River Watershed on the Angeles National Forest are vital to millions of people in the Santa Barbara/Los Angeles areas. Continued chaparral management, debris dam cleanout, and fuelbreak maintenance are necessary to avert serious fire and flood damage.

STATEMENT OF SUSAN BUELL-SCHOENMAN, PRESIDENT, MONUMENT TREE BOARD

I understand this committee will soon be considering the 1986 budget. I am urging your support of the US Forest Service program dealing with State and Private Forestry, and in particular, for maintaining the funding for the Urban Forestry program.

The 1986 budget proposal calls for substantial reductions in the State and Private Forestry program and eliminates the Urban Forestry funding. State andprivate forestry programs are important to Colorado. Urban Forestry programs have provided assistance to Monument, Palmer Lake, and many plains communities, as well as the thriving city of Colorado Springs.

In Monument, twenty miles north of Co. Springs, we were led in establishing a Tree Board, a committee of concerned citizens dealing with landscape beautification and initiating regulations for our trowing town. We have mountains covered with trees half a mile west, but we are naturally tree shy. To combat the severe weather on the Palmer Divide, we yearly ask for aid from the Urban Forestry program in continuing our tree plantings which are weather breaks and aesthetic, refreshing projects in our parks and commercial areas.

Funding for Urban Forestry is very modest and these efforts result in important accomplishments. The expertise of people in this program make grass roots projects possible. Without them, our work suffers as do their larger projects.

Thank you for this opportunity to submit a statement for the record.

STATEMENT OF BRUCE MILES, STATE FORESTER OF TEXAS AND PRESIDENT, NATIONAL ASSOCIATION OF STATE FORESTERS

Mr. Chairman and Members of the Committee, my ~~name~~ is Bruce Miles, State Forester of Texas and President of the National Association of State Foresters (NASF). The NASF supports funding of the USDA Forest Service State and Private programs at the 1984 level.

The Administration's budget for fiscal year 1986 does not recognize the federal role in the Forest Service State and Private Cooperative Programs that is needed to help meet the Nation's future needs for forest products.

Fiscal year 1985 appropriations by this Committee for the State and Private Cooperative Programs totaled $57,977,000. For fiscal year 1986 the Administration proposes a budget of $29,723,000. This represents a 49% reduction over the 1985 appropriation. The NASF recommends an appropriation of $60,579,000. This is the same as the 1984 appropriation and will maintain federal involvement at a minimum level in these critical programs.

USDA FOREST SERVICE
State and Private Forestry
(*Millions*)

	Appropriations FY 1984	Appropriations FY 1985	FY 1986 Administration Budget	FY 1986 NASF Request
Forest Pest Management:				
Federal Lands	$20.163	$20.125	$17.901	$20.163
Cooperative Lands	8.899	8.746	.676	8.899
Total Pest Management:	*$29.062*	*$28.871*	*$18.577*	*$29.062*
Total Fire Protection:	*14.0*	*13.720*	*3.2*	*14.0*
Forest Management:				
Forest Resource Management	5.177	5.13	3.55	5.177
Wood Utilization	1.165	.951	.996	1.165
Seedling, Nurseries, and Tree Improvement	1.745	1.73	.4	1.745
Total Forest Management:	*8.087*	*7.811*	*4.946*	*8.087*
Total Urban Forestry:	*1.6*	*1.96*	*0.0*	*1.6*
Total Management Improvement:	*.99*	*.98*	*0.0*	*.99*
Special Projects:				
Pinchot Institute	.5	.245	0.0	.5
Lake Tahoe Erosion Control	3.34	1.470	0.0	3.34
Boundary Water Canoe Act	3.0	2.94	3.0	3.0
Total Special Projects:	*6.84*	*4.655*	*3.0*	*6.84*
TOTAL STATE & PRIVATE FORESTRY:	*$60.579*	*$57.997*	*$29.723*	*$60.579*

Nonindustrial private forest land, comprising 58% of the productive forest area in America, is one of the keys to meeting future needs for wood products and other benefits, both tangible and intangible. State Foresters are responsible for working with private landowners in the protection of these and other rural lands and for providing technical advice and assistance in their management.

The Association believes the public benefits derived from well-managed private forest land should be supported by public contributions for their protection and management. The private landowner should expect to make the necessary investments to achieve his own goals. However, costs of private forest protection and management should be a shared responsibility between federal and state government and the landowner because of the many public benefits derived from forest lands. State forestry programs are the vital link between private ownership and public need for the forest resource.

The Cooperative Forestry Programs in this budget are directed at increasing productivity to meet today's and tomorrow's wood needs. Following are the appropriation levels for the Forest Service Cooperative Programs that NASF recommends for fiscal year 1986:

FOREST PEST MANAGEMENT - $29,062,000

($20,163,000 for Federal lands, and $8,899,000 for Cooperative lands)

Federal cooperative assistance to the States for forest insect and disease detection, evaluation and control grew out of logical reasoning and a general consensus in Congress to the effect that: the tremendous losses caused by destructive forest insects and diseases make it imperative that every reasonable means be employed to bring about more effective control measures.

The original Forest Pest Control Act of 1947 was designed to improve and strengthen our defenses against the onslaught of these pests by providing a means whereby incipient epidemics may be detected on state and private as well as on federally owned lands. The law also was to make possible the development of cooperative relationships among federal and state governments and private interests in order that a coordinated and concerted attack may be made on all forest insects and disease pests.

Forest insects and diseases do not respect property boundaries or state lines, and if control measures are to reach maximum effectiveness, they must be carried on immediately wherever the outbreak may occur, whether on federal or state owned lands. This calls for coordinated and unified action.

FIRE PROTECTION - $14,000,000

The State Foresters and Forest Service are objectively and analytically studying the Fire Protection Program on non-federal wildlands. Conclusions and recommendations of these studies are available.

The specific activities recommended for federal financial and technical assistance are: (1) sharing of fire protection forces; (2) development of new technologies, (3) transfer of technologies; (4) collecting, analyzing, and reporting information; (5) Federal Excess Personal Property Program.

These programs are based on sound economic principles and offer measurable benefits to the Federal Government while helping to achieve efficiency in state programs. The Cooperative Fire Protection Program is the delivery system to meet the goal of overall cost reduction in non-federal wildland fire protection.

FOREST MANAGEMENT AND UTILIZATION - $8,087,000

Forest Management and Utilization activities are basics of Federal-State Cooperative Forestry Programs. These funds represent and provide a legitimate role for the Federal Government to assist states in developing and maintaining a coordinated delivery system for the various forestry programs of national interest. Programs range from tree seed collection to housing construction, covering the entire forest management and wood utilization spectrum. The Administration's budget proposal to greatly reduce the federal share of this partnership is off target, to say the least. These funds really don't represent a federal expenditure; they represent a federal investment in the public interest.

URBAN FORESTRY - $1,600,000

To more than 80% of this Nation's citizens that reside in urban areas, the urban and community forestry concern is one of considerable importance throughout the Nation. The majority of this Nation's population inhabit less than 5% of the total land area. For nearly 200 million of our citizens, the urban forest is their only link with nature.

In recognition of the importance of this Nation's urban forest resources to its millions of citizens, and the critical barriers to effectively manage these resources, the U. S. Forest Service, through the Cooperative Forestry Assistance Act, needs to continue and accelerate funding to state forestry organizations so that they may provide advice and assistance to cities and communities in the protection, management, care and expansion of their urban forest resources.

MANAGEMENT IMPROVEMENT - $990,000

The Nation has tremendous state and private forestry assets, and effective programs in place to capitalize on our forest resource potential. However, a long-range state-by-state blueprint for forestry is needed if we are to fully develop these resources.

The state blueprints are now being prepared with federal assistance under the Cooperative Forestry Assistance Act. The objective is to install, maintain, and improve a continuing forest resource analysis and long-range forestry program planning process in each state. This process will guide public and private investment and development to assure adequate resource supplies to meet projected demands--strengthening the economies of states and the Nation.

Statement of Charles C. Weber, City Arborist, Huntsville, AL

I wish to contribute, to the Appropriation Committee's Subcommittee on Interior and Related Agencies, a statement for the record recommending a $3-4 million appropriation for Urban Forestry in the State and Private Forestry portion of the FY 1986 budget for the U.S. Forest Service.

As members of this Subcommittee, you are taking part in a process that I feel is necessary but precarious. Your problem lies in which parts of the FY 1986 budget should pay the cost of budget-balancing. We can hardly eliminate the U.S. Defense Budget; however, neither should we exempt it from meaningful cuts while our natural resource agencies go begging. The quality of urban environments is easily destroyed by neglect and mismanagement, but difficult to restore.

As a part of the U.S. Forest Service's State and Private Forestry budget, the $1.96 million appropriated last year for Urban Forestry has found its way to local communities of all sizes, to help forsee and act on urban environmental needs before they get out of hand. The $1.64 million reduction from urban forestry funding since 1979 is a trivial, pitiful sum compared with the military budget, but it constitutes a reduction of 45% -- almost half! -- in the Federal commitment to develop and protect these urban natural resources.

During the six years I have worked as an urban forester in Alabama I have identified two general kinds of urban forestry problems: First, city-dwelling owners of rural forestland have an almost desperate need for information on what their land is capable of and how they can go about realizing its potential. The services of private foresters are available of course, as is RFA assistance through state forestry agencies, but neither is really geared to educate a city-dwelling landowner enough so that he can make intelligent management decisions or even know what to ask of a consulting forester. My answer, as an urban forester with the Alabama Forestry Commission, was to develop a Small Woodland Management course specifically to meet this need. This approach wouldn't fit every community, but the urban forestry program makes it available wherever it will work so that it can work its multiplier effects on the economy and the environment.

The second problem concerns the urban environment itself. About eighty percent of my time in this urbanized county has gone for activities that do not fit the standard public forestry pattern -- resource issues that are more than simply "beautification," but do not fit the traditional definitions of "forestry." Why spend public forestry time on them? Simply because they demand a type of perspective seldom found outside the forestry discipline -- and the urban forestry discipline, in particular.

You may see, from the projects I have summarized below, how Huntsville's public policy has matured, starting from general unawareness of the city's "green resources," and unfolding into self-improvement and eventually assistance to other communities with similar problems:

* PLANTING PROJECTS, including median plantings on major streets, perimeter plantings around city parking lots, and replacement of declining trees in parks and various downtown areas.

* DEVELOPMENT OF NEW METHODS TO SOLVE SPECIAL PROBLEMS, such as mulch beds, specially designed for the safety and efficiency of mower operators, around street-median plantings; and use of shallow, augered holes to replace turf with mulch in preparation for semi-mechanized planting of seedling pine trees.

* DEVELOPMENT OF URBAN TREE INVENTORY SYSTEM, available on the City's computer. This has proved extremely useful in surveying all types of areas,hazard identification, budgeting, and work planning, and is available for use at cost by other communities.

* PUBLIC EDUCATION: (1) Publication of a series of easily mailed brochures on topics such as pruning, fertilization, solar access, and construction on wooded lots. (2) Annual Arbor Week observance, with trees presented to the city's elementary schools, and recognition for outstanding Arbor Week participation. (3) Distribution of tree-repair information to property owners affected by the recent ice storm in North Alabama, and publication of information on City and private debris-removal services. (4) A Memorial Tree planting service, mutually serving individuals and the city at large through park and street plantings.

* MEDIATION OF TREE-RELATED DISPUTES between Utility Company or the Public Works officials and landowners, to coordinate right-of-way trade-offs for line clearance and street widening. This has been of particular importance in working with the State Highway Department in planning for I-565 construction.

The most ambitions undertaking has been the Whitesburg Drive tree-replacement project, in which property owners traded decrepit elms in the power right-of-way for trees of better species planted in more suitable locations. In this project over 200 trees were planted on 57 ownerships, including 3 churches & 1 school.

* DEVELOPMENT OF TECHNICAL WORK STANDARDS for adoption by the Utility Company and public departments, and revision of Huntsville's parking lot landscaping ordinance. Already in its advanced stages, the revised ordinance will provide clearer, more enforceable direction for parking lot construction.

* ESTABLISHMENT OF ALABAMA'S FIRST FULL-TIME CITY ARBORIST POSITION as part of Huntsville's Parks and Recreation Department; his priorities are set by the city's Tree Commission, a body of eight citizens with technical qualifications and demonstrated tree interests. The Tree Commission, in turn, sets its goals according to requests from other city agencies and the public, as well as the personal observations of its members.

* INFORMATION SHARING. Though barely out of its infancy, the Huntsville Tree Commission has already provided guidance for many other cities from Oregon to New Hampshire, and ranging in size from Mooresville, Alabama, to Brooklyn, New York. Our Tree Ordinance, and the public-participation process that produced it,

have been described in the *Alabama Municipal Journal*, by the International Society of Arboriculture in its *Journal*, and in several other periodicals.

Early in its third year of operation, the Huntsville Tree Commission hosted the 1984 meeting of the eight-state Southern Chapter of the International Society of Arboriculture, a meeting attended by public, private, and utility arborists from cities throughout the Southeast.

You may see from this outline the beneficial effect that the urban forestry program has had on the City of Huntsville, and its ripple effect on behalf of other communities. The funds appropriated to State and Private Forestry and to the Forest Recreation Research budget become seeds that grow into community self-improvement work, which in turn serves other communities as the ideas behind each success are passed along. This chain reaction can be traced back to some very well-spent Urban Forestry funds in past Federal Budgets. For the sake of other cities that have been slower to awaken than Huntsville, please make every effort to restore Urban Forestry funding to its very modest pre-1980 level of 3 to 4 million dollars.

Thank you for the opportunity to submit this statement for the record. I hope it will benefit other communities as previous legislation has helped us.

Statement of Glenn Patrick Juday, Associate Professor of Plant Ecology, and Research Areas Coordinator, University of Alaska, Fairbanks

I would like to present this testimony on the effect of the reductions in funding of USDA Forest Service Research programs in the Administration's proposed FY 1986 budget. I would also like to point out how another year of even level funding would reduce the nation's research and technological capabilities in forestry and related natural resource disciplines. I offer the view of a researcher who works daily with the Forest Service, and must deal with the increasingly serious consequences of the steady constriction of Forest Service Research.

The National Perspective

In the United States, approximately half of the basic forest and range renewable resources research is carried out at the state land grant universities, and half by the federal government, mostly within the Forest Service. Private industry largely carries out applied research, administrative studies, and forest inventory exercises.

Since 1981, the Forest Service has closed 9 research locations, terminated over 35 Research Work Units, and reduced personnel by about 300 full-time equivalents. From a peak of approximately 960 scientist-years in 1981, Forest Service Research is now down to near 800, and would go substantially below that under the proposed budget. Nearly all of the projected deunder the proposed budget. Nearly all of the projected decline of 70 full-time equivalents would be scientist-years lost if the proposed FY 86 budget were enacted. The Administration's proposed FY 86 budget is nearly $16 million below the FY 85 appropriation level, and nearly $5 million below FY 84. Forest Service Research has been in the front ranks of agencies cutting back to meet the problems of the federal deficit.

Unfortunately, the challenges to successfully growing, harvesting, and renewing forests, wildlife, and other wildland resources are becoming increasingly acute. For example, most Central European foresters have concluded that it is now impossible to grow conifer forest crops there because of air pollution, specifically the acute tree injury caused by acid precipitation. The early symptoms of this syndrome have appeared in the northeastern United States and the high mountains of the Appalachians. Evidence is now available to indicate that the Rocky Mountains may soon develop the same problem. Air pollution damage to California forests has long been recognized. But this is just one area of threat. Other serious challenges are the reduction in wildlife numbers to minimal or sub-viable numbers, recreation overuse impacts, reduction of genetic diversity, especially the loss of superior tree genes. The list could go on.

But the point is that research and technolgical developments can provide and are providing ways to understand these problems and adapt to or solve problems. Review after review of the national forestry scene has concluded that research is more important than ever.

Now is the time to hold the line, and avoid deep and lasting damage that would come with further cuts. Even as things stand now, the agency is at some risk of not staying at the cutting edge. For example, a recent transfer at the Fairbanks, Alaska Institute of Northern Forestry has left a vacancy which should be filled by a begining scientist early in his or her career with new ideas and fresh training. Unfortunately, the position will likely be filled by a mid-career scientist leaving a closed-out project elsewhere in the agency. This is happening all over the country, and it is causing us to skip over a generation of scientists.

Effect of Proposed Cuts in Alaska

The proposed FY 86 budget reduction assigned to the Pacific Northwest (Oregon, Washington, and Alaska) area is $1.133 million. Alaska programs are to be reduced $359,000, a cut near, or slightly more than, a proportional cut when measured by existing budgets and scientist years. A detailed analysis of the cuts in each program location in Alaska follows.

FIDR - Forest Insect and Disease Research (Fairbanks) $100,000 cut
(FY85) Level Funding = $213,000

This one of the most disturbing of the proposed cuts in FS Research programs in Alaska. A careful analysis will show that nationwide cuts in FIDR were made to continue the gypsy moth program, principally in the northeastern states. While that is important work on an annoying and occassionally damaging insect pest problem, work which should by all means be continued, Alaska faces equally, if not more, serious forest insect problems. The proposed cut would terminate research on one of the largest, most damaging, and sustained spruce beetle outbreaks in Alaska in recent years. The spruce beetle outbreak is infesting nearly 100,000 acres annualy, killing virtually all spruce trees greater than 6 inches diameter. This outbreak will likely continue for another 3 to 5 years.

In Alaska, the Administration-proposed reduction in funding would translate into the loss of one of the two professional entomologists that work in the 90% of the state north of the southeast panhandle. The incumbent in the unaffected position is currently Acting Project Leader for the Institute of Northern Forestry in Fairbanks, and specializes in post-fire and hardwood defoliating insect studies. There are simply no state or University entomologists in Alaska. Spruce beetles behave differently in Alaska than in the other western states where they occur, so research efforts from there are not applicable; in fact, there are better data in Alaska on the spruce beetle problem than in the northern Rockies.

As a result, the work would not be taken over, but would simply be dropped. Although the position is based in Fairbanks, the recent project activity has been in the spruce beetle outbreak area in the Cook Inlet region around Anchorage. The forests in these areas receive the bulk of recreation use from the rapidly growing Anchorage urban area; state forest lands and significant portions of the Chugach National Forest timber base are affected. In small communities, such as Cooper Landing, most urban trees have been killed. The entire spectrum of forest uses is affected.

Perhaps the most frustrating aspect of the proposed cut is that progress is being made in learning how to cope with spruce beetle outbreaks in this part of Alaska. For example, the research done to date has been instrumental in advancing the application for EPA registration and use of two insecticides.

Guidelines are being developed on reducing stand susceptibility through management or, "beetle proofing", which may be done in other parts of the state likely to be affected in the future. Guidelines for thinning and fertilization of affected stands (removal of slower-growing, susceptible trees) are being developed. And perhaps most promising in the long run, a few trees are showing natural resistance; research on the causes of natural resistance may open whole new avenues to biologically safe and effective spruce beetle control.

The payoff of literally years of careful, long-term research would be lost or severely compromised if the proposed cut was enacted.

RRI - Renewable Resource Inventory (Anchorage) $209,000 cut
(FY85) Level Funding = $1,050,000

A perspective of the ups and downs of the budgets of the last few years reveals how severe this proposed cut would be, if enacted. Renewable resource inventory is particularly important to Alaska, because no inventories have been performed for whole sections of the state. A variety of important decisions hang on the outcome of this work, such as allowable forest harvest calculations, the regional effect of land allocation decisions etc. Alaska, being still largely government-owned in one way or another, needs these numbers in particular; the government must fulfill its responsibility in this area to allow good land use decisions and progress in renewable resource development.

The RRI project supports about 4.5 Scientist Years of work effort. The proposed funding level for FY 86 Alaska RRI is $841,000. On the Forest Service budget analysis sheets, at first glance, this amount appears to be a return to traditional levels of funding, such as the $846,000 of FY 84, after the $1,050,000 of FY 85 when Congress placed special emphasis on shortening the backlog of inventory cycle completion. Actually, Alaska RRI was funded at approximately $1 million for FY 80, 81, 82, and 83. When the funding was severely reduced in FY 84, this project did not even send people into the field! Far from being an increase, the FY 85 funding level was still below maintainence level, especially when the high inflation of the late 70's and early 80's is considered. Continuation of level funding would at least allow an experienced team to remain together and productive for the year.

This project has been particularly productive, publishing 4 recent reports on interior Alaska, and 6 on southeast Alaska. It has also been a very innovative project, developing or trying out several new cost-efficient inventory techniques. In the summer of 1984, the project was responsible for organizing and publishing the proceedings of an international symposium on forest vegetation inventory in high latitude regions. Working with Landsat satelite immagery, among other data, the project also recently completed the vegetation classification covering the greatest acreage in the U.S., in the Tanana River basin.

Reports from the project are the basis for everything from operating plans for the 50 year timber harvest contracts in the Tongass National Forest, to the evaluation of the value of BLM transfers of federal land to satisfy the state and native corporation land entitlements, to the Haines State Forest Management Plan. Data from this project are vital as a basis for the 1990 Assessment required by the Resources Planning Act. While the project has survived a steady budget squeeze over the past few years, adoption of the Administration's proposed budget would finally mean the layoff of members of the team. This would be proportionately more disruptive for a small group such as this compared to a large one. Actual travel to the field would be problematical.

Anadromous Fish Habitat (Juneau) $50,000 cut
(FY85) Level Funding = $350,000

After some initial confusion over whether this cut was intended to come from the Corvallis, Oregon or Juneau, Alaska locations of the project, Juneau was assigned the cut. Presumably this was because Juneau "has" the Tongass Timber Fund to draw upon. Anadromous fish habitat research could increase timber yield because more precise fisheries habitat protection guidelines would increase timber yield over the yield possible with more conservative guidelines formulated in ignorance. But it is far from certain that such a fund transfer would be allowed, and it is not fair to ask one state with special funding mechanism for forest management to make up for the forest research cuts in another region.

The proposed cut, if enacted, would result in the loss of one professional fisheries research biologist position, and deep reduction of the operating budget for the remaining 2 scientists. (The total operating budget is equal to the cut of $50,000). The result would be that research on the requirements of salmonids for spawning habitat in Alaska would be dropped, and research on the effects of logging on spawning habitat would be severely reduced. The remaining 2 scientists would have severely restricted mobility, and considerably reduced productivity because of an inability to travel to field study sites in a region of high travel costs and no roads. Alaska is, of course, the major U.S. producer of these food fish for both export and domestic consumption.

Research in the general field of fisheries, fish habitat, and effects of logging, is carefully divided among the many agencies with responsibilities on the topic. The research is complementary, and not duplicative. Other agencies in Alaska do not have plans, or the responsibility and resources, to take over the particular research the Forest Service has been performing - - in-stream habitat needs of salmonids. Instead, the state of Alaska is responsible for the management and study of fish populations; other agencies are studying topics such as biology and physiology of the fish, at-sea life cycles and habitat needs, etc. The Forest Service, as the principal manager (and disturber) of upland habitat has the responsibility to study stream habitat needs of anadromous fish.

This unit was recognized by its Portland headquarters in 1984 for excellence and sustained high levels of accomplishment, a circumstance unlikely to be repeated if the scientist staff is cut 1/3 and the remainder cannot get to their work sites.

Conclusion

The generally declining path of Forest Service Research funding, partially offset by FY 85 funding increases, has been accomodated by staff attrition, deferal of purchases, severely reduced operating budgets, and a host of other temporary responses. These stopgap measures are beginning to seriously weaken the nation's forestry and natural resources research capability. If the Administration's proposed FY86 budget were adopted, deep reductions, including layoff of a considerable number of permanent scientists, would have to take place.

The consequences in Alaska programs, as outlined in this letter, would be severe and costly at all Research locations in the state.

I urge you to maintain Forest Service Research funding at at least FY 85 levels.

STATEMENT OF ERNEST W. DEROSA, URBAN FORESTER, UNIVERSITY OF MASSACHUSETTS

I understand the Subcommittee on Interior and Related Agencies of the Appropriations Committee will soon be considering the 1986 budget. I strongly urge your support of the U.S. Forest Service State and Private Forestry budget, in particular the line item "Urban Forestry". I would like to see the urban forestry budget returned to the 1979 level of $3.6 million, or at least maintained at last year's level of $1.96 million.

In the past Massachusetts has been a leader in promoting the planting and care of trees in urban areas, which is evident by the fact that Massachusetts is the only state in the nation that mandates by law the position of Tree Warden in every city and town. In recent years however, cities and towns in the Commonwealth have been struggling to maintain acceptable levels of community services due to Proposition 2 1/2, and in many cases tree and forestry departments receive lowest priority in terms of budget allocations. It is now that our cities and towns need urban forestry assistance more than ever.

The University of Massachusetts Shade Tree Laboratories, working in cooperation with the Massachusetts Department of Environmental Management, has been able to provide educational and technical assistance relevant to the establishment, management, maintenance, and preservation of trees and other natural resources so as to improve the quality of life in urban areas. This assistance to the communities and tree industries in Massachusetts, which is in the form of consultations, newsletters, publications, research, diagnostic services, training sessions, workshops, conferences, etc., has been provided through urban forestry funding.

So far this urban forestry assistance has been very well received, highlighted by the fact that seven communities in the state (Acton, Amherst, Danvers, Lexington, Manchester, Natick, and Wellesley) have received national recognition as Tree City U.S.A.'s in the last two years.

Trees and other natural resources provide many benefits in our urban areas, and I feel that through continued efforts in promoting urban forestry we can increase public awareness of their importance. That is why I strongly urge you to support Urban Forestry in the U.S. Forest Service State and Private Forestry budget.

URBAN FORESTRY
IN MASSACHUSETTS
Ernest DeRosa

WHAT IS URBAN FORESTRY?

Most people think of forests as vast areas of land covered with trees. Forestry has traditionally involved itself in the manipulation of forests to obtain the greatest yields of forest products such as timber and fuelwood, wildlife, watersheds, and recreation. Urban Forestry has broadened these traditional concepts.

All the trees in your community, along with soil, water, and wildlife resources make up the urban forest. City trees are very similar to forest trees, only intermingled with buildings, streets, sidewalks, overhead and underground utilities, parking lots, cars, parks, and people. This unnatural environment makes growing conditions much more difficult for trees and other plants. Special care is needed to plan for, manage, and maintoin urban forests.

The traditional perception of "forest products" has also been expanded. The U.S.D.A. Forest Service considers Urban Forestry as "An umbrella concept that encompasses the planning and management of all urban natural resources for their present and potential contribution to the physical, social, and economic well being of an urban society."

The objective of Urban Forestry is to improve the quality of life in urban areas .... environmentally, economically and aesthetically.

WHY DO WE NEED URBAN FORESTRY

People enjoy the natural beauty of trees and other plants in their cities. Trees affect our lives in more ways than we may know. Trees are valuable assets because of the many benefits they provide.

TREES:

- help beautify the landscape by adding form, flowers, fall color, etc.
- help cleanse and purify the air.
- moderate temperatures by shade and by evaporation of water.
- reduce noise pollution.
- provide windbreaks.
- reduce energy losses from houses and buildings.
- create a more natural setting in overcrowded urban areas.
- provide habitat for wildlife.
- reduce runoff and erosion.

- screen out the visual blight of cities by interrupting the continuous stretch of billboards, neon signs, parking lots.
- increase privacy in crowded areas.
- increase property values.
- attract prospective residents and businesses to the city.
- are part of our social life: Christmas trees, memorial trees, maple sugaring-off parties, Arbor Day ceremonies, etc.
- inspire by their great age or their historical connection.
- are a source of many jobs in professional tree care.

MANAGEMENT AND PRESERVATION

Because trees are such valuable assets to urban areas, more emphasis is being placed on long-range management and preservation. Trees well managed and properly cared for provide long term benefits. However, mismanaged or neglected trees often cause property damages, power outages, human injury, or other people-tree conflicts. Urban Forestry involves managing trees so that they benefit people without these conflicts.

As urbanization increases, the space for trees to grow decreases Competition from traffic, pavement, construction, utilities, poor soil conditions, air pollution, road salts, grade changes, poor drainage, and many other adverse conditions of the city must be planned for and dealt with properly.

These conditions, along with the many insects and diseases that cause problems with trees make it more difficult to achieve good tree growth in urban areas. Success requires trained and experienced professional care, accurate unbiased diagnosis, and nation-wide scientific research.

ACTIVITIES IN URBAN FORESTRY

- Street tree inventories.
- Insect and disease control.
- Diagnosing tree disorders.
- Research.
- Educational and technical training sessions and workshops.
- Educational publications.
- Proper tree selection for particular sites.
- Protecting trees during construction.
- Woodlot management in communities.
- Communicating and cooperating with city or town planners.
- Consultations with Tree Wardens, municipal arborists, commercial arborists, utility arborists, and others involved with urban trees.
- Tree evaluation.
- Developing long-range management plans for communities.
- Advice on proper planting, care, and maintenance techniques.
- Multiple use management of town forests.

TREE WARDEN SYSTEM

In Massachusetts, by statute, every city and town has a Tree Warden to plant and care for the public shade trees. You can contact this local shade tree official by asking at your Town Hall for the name, address, and phone number.

Educational and scientific support for the Tree Warden and tree industries in Massachusetts is provided through the Shade Tree Laboratories at the University of Massachusetts -- Amherst (413-545-2402) and Waltham (617-891-0650) -- and by the County Cooperative Extension Service Specialists.

STATEMENT OF RAYMOND B. HITCHCOCK, STATE FORESTER AND DIRECTOR, DIVISION OF FORESTRY, MINNESOTA DEPARTMENT OF NATURAL RESOURCES

I am Raymond B. Hitchcock, State Forester and Director of the Division of Forestry, Minnesota Department of Natural Resources. I am writing to express my concern over the proposed F.Y. 1986 federal funding levels for the State and Private Forestry Program authorized by P.L. 95-313. The funds Minnesota receives through this program are targeted for specific activities that are considered to be in the national interest. The state would be limited in its ability to continue these activities if federal funding were eliminated. The following testimony summarizes the impacts on the Division's programs if federal funds are reduced.

I am gravely concerned about the impact that reduction or elimination of these funds would have on managing state and private lands to meet future demands for forest resources. These demands will require a large investment in management programs for state and private forest lands. I urge you to continue support of the State and Private Forestry Program at the same levels as in F.Y. 1985.

Forest Pest Management

The primary focus of Minnesota's FOREST PEST MANAGEMENT PROGRAM is to reduce resource losses on forest productivity through integrated pest management. Sixty-two percent of Minnesota's annual mortality in forests are due to insect and disease agents and 50% of its annual growth is lost to the same pests. In 1985 the Division received $49,000 of federal funding. This funding enabled Minnesota to have an aggressive Pest Management Program on public and private lands, including survey, evaluation, prevention, and control activities. Pest surveillance and evaluation form the framework for pest management decisions in every state. However, silvicultural control of pest problems is the only successful long-term form of pest control.

Loss of federal funding would severely limit the state's efforts to implement an integrated pest management program by forcing the state to bear the entire burden of cooperative survey programs. Minnesota would be forced to restrict its survey and evaluation efforts to pests of local significance. Similar reductions in other state programs would restrict Minnesota's ability to respond to newly introduced pests or national and regional crises such as have occurred with spruce budworm, gypsy moth, oak wilt, and Dutch elm disease. Minnesota cannot independently develop an integrated pest management program. It requires the cooperative efforts of state and federal pest management personnel provided by this cost-share program.

Forest pest management is finally reaching the point where technology and understanding enable us to go beyond just providing stop-gap measures to reduce catastrophic losses from insect and disease epidemics. We have the capability to reduce or mitigate future losses. A major reduction in funding for state pest programs could reverse this trend. We would be forced to return to greater reliance on direct control measures which in the long-run are more costly to the state. The cost of losing this funding must be measured by our willingness to see 50% or more of the productivity of forest investments needlessly lost to pests.

Fire Protection

The State of Minnesota protects 22.8 million acres of non-federal land from forest fires. The ability to protect these lands is affected by federal funding for the state's fire programs. In 1985, Minnesota earned $229,000 for its RURAL FIRE PREVENTION AND CONTROL PROGRAM. While not a large sum when compared to an average annual state expenditure of $2.5 million, this funding did allow the state to participate in some cooperative activities.

Cooperation between states and federal agencies leads to increased efficiency in providing fire protection where land ownership patterns are intermingled and in providing back-up for other states in their fire fighting efforts. Because fire severity is unpredictable it is most economically efficient for a protection agency to maintain resources for an average or high average fire year and to depend upon aid from other states and federal agencies to cope with abnormal situations. If mutual aid is to be effective, there must be consistent inter-agency communications, equipment standards and training. Recent demonstrations of mutual aid are the 1984 fires in Montana and present fires in the southeastern United States. Minnesota provided fire fighting personnel in both these situations. In addition, a recent interstate compact allowed the states to write a national contract for large fire retardant dropping aircraft that are available to all fire fighting agencies.

Federal funds are needed to help achieve a cost-effective level of protection. Many states could not, or would not fund, the extra amounts to reach levels that best serve national interests. A Federal role provides an incentive for states to cooperate to maximize benefits from fire protection dollars and to minimize loss of life, property and natural resources. If federal funds were lost, Minnesota would have to reduce its 20-person fire crew and would be limited in its ability to provide support to other states and the federal government to fight fires.

Forest Management and Utilization

Minnesota's URBAN FORESTRY PROGRAM complements its Pest Management Program. Like most states, the state established its Urban Forestry Program to address disease problems which were decimating millions of trees across the country. Minnesota communities were particularly hard hit by Dutch elm and oak wilt diseases. Today, this program goes beyond diagnosing diseases to assisting communities in managing their urban forests.

The thrust of the existing Urban Forestry Program has been to train field foresters in urban forestry management and planning. The state uses its network of foresters to amplify its efforts to assist communities. The target for 1985 is to assist 100 Minnesota communities with urban forestry activities. These activities include developing tree inventories, management plans, city tree ordinances, and budgets.

In 1985, Minnesota's Urban Forestry Program received $29,000 of federal funding and $29,000 in-kind contributions from the state. Loss of federal funds would essentially eliminate the state's program. This would reduce the state's ability to deal with destructive diseases and would eliminate the technical assistance needed to help communities replace trees lost because of disease problems.

The Minnesota RURAL FORESTRY ASSISTANCE PROGRAM provides assistance to non-industrial private forest (NIPF) landowners to increase multiple-use management on their land. Targets for 1985 include: technical assistance to 6,500 landowners, 1,500 multiple-use management plans covering 80,000 acres, 6,500 acres of timber stand improvement, 6,500 acres of reforestation, and 12,000 acres of timber harvested equalling 25 million board feet of wood products.

Federal funds comprise twenty percent of the program's funding. These funds, supplemented by other state and federal funds, allow us to maintain a strong and effective program of providing technical assistance to NIPF landowners. In response to recent reductions in federal funding, measures have been implemented which have made the program more cost-effective. These measures include considering landowners' commitments to actively manage their land and geographic differences which impact forest productivity in targeting assistance.

Further cuts in these funds will reduce annual targets and severely curtail efforts to attain program objectives. If technical assistance were not available through this program, over 250 vendors and 50 private foresters would be adversely affected. In addition, less lumber would reach the industrial users.

The most important impact, however, would occur to the resource itself. Without the technical assistance to carry out proper silvicultural practices, many NIPF lands would go without the cultural practices needed to keep them producing wood, wildlife habitat, recreational opportunities, and other natural resource amenities.

Elimination of federal PLANNING ASSISTANCE PROGRAM funds would greatly slow down the Division's efforts to implement and monitor plans it has been developing for its administrative areas. The Minnesota Forest Resources Plan (MFRP) and area plans have provided, for the first time, consistent long-term direction for Division programs at the statewide and area levels. The implementation and monitoring efforts that would be severely reduced by the proposed funding reductions are absolutely critical to efficiently carrying out proposals presented in the Division's forest plans. Planning is a wasteful, useless exercise unless concerted efforts are made to implement and monitor plans. The federal government has invested several hundred thousand dollars since the late 1970's to support forest planning in Minnesota. That investment would be wasted if funds for implementation and monitoring were eliminated at this critical stage. All of the Division's programs would be affected and made less effective by the proposed budget reduction, with significant adverse economic, social and environmental effects.

The Minnesota Division of Forestry is well known nationally for its highly successful forest planning program. The Division has assumed a leadership role in the Lake States, the 20 state Northeastern Area, and nationally in promoting cooperative planning efforts between state forestry agencies and the U.S. Forest Service. We expect the implementation and monitoring projects that would be affected by the proposed budget cuts to receive regional and national attention as a role model for other states that want to make their planning efforts more effective.

Special Projects

I commend the Administration in recommending continued Boundary Waters Canoe Area Wilderness funding. We are now in the sixth year of the eleven year commitment of the federal government to mitigate the impact of the federal wilderness action on the people and the economy of northeastern Minnesota.

STATEMENT OF PHILIP J. HOEFER, STAFF FORESTER, COLORADO STATE FOREST SERVICE

I am Staff Forester for the Community Forestry Function, Colorado State Forest Service, Colorado State University. This function coordinates technical urban forestry assistance to over 130 Colorado communities helping them improve their tree assets. I recommend restoring the Urban Forestry Assistance line item of the USDA Forest Service budget to the 1979 level of $3.6 million. The FY 85 increase to $1.96 million was greatly appreciated and provided for more accomplishments.

This testimony is being submitted to inform you of Colorado's use of these funds and why the U.S. Forest Service must maintain the program. Over 85% of Colorado's communities were established in nonforested areas of the high plains. Trees became a vital resource for improving a community's physical environment and quality of life. Few Colorado communities have professional expertise available on their staffs. The Colorado State Forest Service (CSFS) has provided the needed technical urban forestry assistance through 13 district offices with the aid of funds provided by USDA, Urban Forestry Assistance Program. Colorado received $29,500.00 in Federal assistance for FY 85. These funds were combined with State appropriations of $140,000.00. Losing Federal funds will have a detrimental effect on the total program. Attached is a one page description of Colorado's program and an article referencing CSFS assistance.

Colorado has 60 communities following annual tree improvement management plans. Prior to program inception and Federal funding assistance, only five communities followed any type of plan. Federal and State funding creates an efficient means to deliver quality technical assistance and educational programs. Examples are the recent formation of the Colorado Urban Foresters Council, special training for urban foresters and volunteer tree board members, and development of new public awareness programs.

Research assistance is another area that needs to be discussed. Research in urban forestry is important to all field practitioners. False and inadequate information was common in urban forestry several years ago but Federal research assistance in this area has been most beneficial. The urban environment is stressful to many plants. Knowledge is necessary to better care for trees in this situation. Research provides this knowledge. Continued funding under the Forest Recreation and Research line item will assure this valuable aide to practitioners and educators.

Colorado appreciates the funds and research knowledge received through the USDA Forest Service. Thank you for this opportunity to submit this Statement for the Record.

COMMUNITY FORESTRY PROGRAM

COLORADO STATE FOREST SERVICE

Trees in urban areas and communities provide a variety of benefits for citizens. Cooling summer shade, pleasant sounds, air purification, noise and wind abatement, architectural enhancement, energy conservation and wildlife habitat all contribute to the quality of life experienced within Colorado's cities and towns. Protecting and conserving these amenities is the reason the community forestry program grew out of the early 1970's efforts to control Dutch elm disease. It concentrates on making the entire community tree resource work as a unit whereas arboricultural activities only work on individual tree problems. Coordinating the total efforts for the common good of the forest is the defined role of the community forestry program.

Colorado State Forest Service (CSFS) services are available to all Colorado communities desiring technical and management assistance, but major emphasis is placed on towns with populations of 1,000 to 10,000. These smaller communities do not have this type of expertise on their staff nor is it readily available from the private sector.

Colorado State Forest Service services include conducting insect and disease surveys (Dutch elm disease being the most prominent), helping to establish tree boards, conducting public tree inventories, helping set annual work objectives, conducting training and educational programs, helping to develop street tree ordinances, doing landscape designs, writing long-range management plans, and many other similar activities depending on the community. These services are normally provided through district offices strategically located throughout the state.

All of these services are performed in cooperation with, and at the request of the community. Many of these services are provided on a cost-sharing basis as directed by the State Legislature. Contract prices are based on population. CSFS program concept is to provide basic information, but when specific projects are requested, an investment of community time and funding is necessary. When a management program is established, the community is responsible for its maintenance and continuation, with CSFS continuing to be an advisor.

The ultimate program goal is to have all Colorado Communities nurturing and maintaining their urban or community forest asset in a healthy, productive condition for the greatest public benefit.

DURANGO

New Forests in the Old West

by John R. Cooley

Settlers in the days of plank sidewalks
were pretty fair "shade-tree planners."
The trick today is to link the past with the future

URBAN FORESTRY is showing signs of being reborn in many small western towns. The heritage began a century ago as settlers put down roots—businesses, homes, schools, and churches. Shade trees were planted along residential streets at the same time plank sidewalks were built to keep skirts and boots out of the dirt.

Take Durango, Colorado, for example. Railroaders and miners founded Durango to serve the booming mining industry in the San Juan Mountains. Pioneers are remembered as tough, innovative exploiters of western resources, including trees. Forests were cut to provide railroad ties, mine timber, and building lumber. But history reveals that the city fathers also planted trees. In Durango's first year, 1880, residential Third Avenue was laid out with elms and maples, perhaps to remind folks of former homes back East. Today, this tree-canopied boulevard is a source of civic pride and has been nominated as a historic district.

Visionary settlers planned the town for future generations as well as their own. Although the soil was poor, winters were hard, and Indians not always friendly, the pioneers were there to stay, raise their families, and thus set a heritage for citizens of the 1980s.

Is this heritage of trees being projected into the 21st century? Are the old trees being cared for? Are young trees being planted? Will future generations walk beneath arched branches along Third Avenue?

Maxine Peterson, former mayor, is cautiously optimistic. "Citizens like the trees," she says, "but they take them for granted. A lot of education is needed before people will understand the importance of tree management by the city."

The pattern of Durango's urban forest is a patchwork of the old and the new. The old was planted by early settlers and developers from 1880 until about the beginning of World War I. American elm, silver maple, and Colorado blue spruce were planted extensively between streets and sidewalks as well as in the Third Avenue median. Two small parks, Fassbinder and Viles, were also developed with many trees, primarily those same species. Because of these historic labors, modern Durango residents enjoy a mature urban forest in older city sections.

However, with the demise of mining, hard times set in. Little new development occurred in Durango from that early period until World War II, when growth was spurred by the new vanadium and uranium industry. Employment increased and with it the need for housing. Crestview and Riverview additions were built on river benches higher than the original city. The new-style "Hollywood" curb combined sidewalk and curb at streetedge, virtually eliminating the space for street trees. Developers planted few trees. The city of Durango limited its tree plantings to park settings. Homeowners planted trees, but mostly in yards near their houses.

The new urban forest began to develop in the mid-'60s. Probably this new interest was an outgrowth of the environmental movement. The first sizable new planting occurred in the early 1970s in Rio Grande Land, a commercial development near the train station at the south end of Main Avenue. This generated the idea for the "Greening of Durango" program on the rest of downtown Main Avenue. The persuasive Heritage for Tomorrow Committee solicited funds from merchants and citizens, and arranged for purchase of honeylocusts. The city also got into the act. City crews cut holes in Main Street sidewalks, planted the honeylocusts, and accepted the responsibility for maintenance. Trees were purchased for Arbor Day plantings.

City Manager, Bob Ledger, views trees as vitally important to Durango. "Trees add to the character of our community aesthetically. Tourism is important here, so trees are good business."

Merchants on streets crossing Main Avenue became interested in expanding the Greening of Durango program to their front sidewalks. They provided funds for purchasing trees, and the city planted and took care of them. The Forestry Board recommended species, such as Norway and Schwedler maple, Bectil crabapple, hackberry, and linden to add a healthy variety to downtown plantings.

City funds were allocated to start a pruning and spraying program—not enough to bring maintenance up to snuff, but enough to get it moving in the right direction. A tree pruner was hired and a tree spade purchased. In 1984, forestry was listed separately in the budget for the first time, and a bucket truck for tree pruning and spraying was acquired.

These efforts did not go unnoticed. The National Arbor Day Foundation recognized Durango's urban forestry program with its Tree City USA award in 1981—and every year since. Now this small western town has the beginnings of a new forest to augment and eventually replace the old.

Durango's present forest consists of about 12,000 trees, 3,000 of them on public property. The value of the city trees is calculated to be over $2½ million based on the valuation system of the International Society of Arboriculture—a big capital investment for a community of 12,000 people.

According to current urban forestry standards, the species composition is poor. American elms are susceptible to Dutch elm disease; silver maples, Siberian elms, and boxelders have a high risk of storm damage; and boxelder is a particularly messy tree considered by some to be nothing more than a weed tree.

Responsibility for the shade trees lies with the Department of Parks and Recreation. Though its staff is small in number and oriented to a big recreation program—200 softball teams compete in summer league play—it enthusiastically supports urban forestry programs.

"Trees are like an electric blanket on a bed," says Richard Roskowinski, Director of Parks and Recreation. "They give you a warm feeling."

Having no arborist or forester on staff, the city depends on the Forestry Board for expertise. The Board's collective skills are good considering it is filled by volunteers. Members include two foresters, a tree pruner, a nursery employee, and a social worker. Technical advice is provided by two advisory members, the local urban forestry specialist of the Colorado State Forest Service, and a retired urban forestry professor.

The Board recommends priorities for tree plantings, pruning, spraying, and removals. Citizen concerns, budget, personnel, and equipment needs are discussed and presented to the City Council for consideration. Directing the annual Arbor Day celebration with tree plantings and children's activities provides rewards and challenges. Councilwoman Ann Brown at the 1984 ceremonies summed it up this way: "We who are privileged to live on this earth must take very good care of both of these resources, our children and our forests."

Two ordinances provide a foundation to guide the city's urban forestry program. The tree ordinance empowers the city to control insect and disease problems on private property as well as municipal land. This authority was aimed primarily at the possible outbreak of Dutch elm disease. Over 350 American elms are included in the street and park tree population.

The landscaping ordinance provides for well-designed landscapes of commercial and residential development within the city. Emphasis is directed toward "preservation of mature and healthy trees and shrubs which are not in conflict with logical building needs."

"The landscaping ordinance is making a difference," comments Roskowinski. "Now what the designer puts in the plans, the builder must complete on the ground before an occupancy permit is granted."

Shortcomings are apparent. Trees of one inch or less in diameter have been planted and fallen victim to the rigors of city life. "Bargain" purchases resulted in high percentage of loss during the first year. A monoculture of honeylocust, susceptible to *Thyronectria* disease (canker), lines Main Avenue. In some cases, memorial trees planted to honor Durango citizens died without provision for replacement. Despite the Tree and Shrub Ordinance, city street trees are sometimes topped by uninformed homeowners. The older trees show their age, and increasing mortality rates can be expected. Even now, the city may be losing trees faster than replacement.

Urban forestry specialist Dan O'Chocki asks, "What are Durango's long-term goals and objectives for street and park trees? The city's founders had a plan that served well for most of the 20th century. Perhaps today's citizens should develop a comprehensive urban forestry plan to assure tree care well into the 21st century."

The founders of Durango put high priority on trees to provide shade for the streets of their new city. In the 1980s, Durango citizens have shown a renewed interest in shade-tree management. Much is being done through voluntary efforts, donations, and city government support to continue the heritage of urban forestry in this small western town. Still, concern remains about the future: concern that adequate maintenance is not planned for both old and new trees; concern that there is no conceptual plan for what the total city landscape should look like in the year 2000, only 15 years away, and in 2080—the beginning of Durango's third century.

Many small western communities are only now reaching the crisis point in tree care that most eastern cities recognized decades ago. The pioneer heritage for trees will continue only if today's citizens care and plan for the future as did the settlers of the 1880s. ■

John R. Cooley is a retired forester who has served five years on Durango's Forestry Board.

STATEMENT OF JACK WARREN, EXECUTIVE VICE PRESIDENT, FOREST FARMERS ASSOCIATION

Mr. Chairman and Members of the Committee, my name is Jack Warren, Executive Vice President of Forest Farmers Association, an organization composed of timberland owners concentrated in 15 southern states and other interested citizens nationwide.

I appreciate the opportunity to submit a statement to this committee.

My statement is directed toward the President's budget request for U.S. Forest Service's State and Private and Research f.y. 1986 appropriations. We strongly support the President's efforts to balance the Federal budget, and recognize that funding for all activities and programs must be carefully scrutinized and evaluated. We do urge, however, that reductions be made on a priority basis with the essential and most highly cost-effective forestry programs be maintained at least at basic minimum levels. Our Nation's forest development is vital to its long-range economic health, and certain programs such as fire protection, insect and disease control, and research should be administered on a continuing basis.

The President's f.y. 1986 total budget request for the U.S. Forest Service reflects a modest decrease over f.y. 1985 budget; however, the appropriations available for the agency to conduct its activities that affect our members show a large reduction. Most of this reduction is reflected in the funds available for state and private forestry programs and research activities.

Our association recommends the following:

State and Private Forestry

The President's budget request reflects a 49 percent reduction from the f.y. 1985 level for State and Private Forestry. We urge this committee to consider providing funds for Forest Pest Management, Fire Protection and Forest Management and Utilization at the 1985 level, which was a reduction from the 1984 level. The President's proposed budget would strip cooperative forestry funds to the states. Since most states are not capable of compensating for these lost funds, protection from fire, insect and disease would be at a most vulnerable level. Also, technical assistance to landowners would be eliminated. We do agree that reductions are necessary in order to balance the budget, but a cut this drastic would not give the states adequate time to generate funds to take over the programs cut.

The State and Private Forestry program is less than 1 percent of the total Forest Service budget. Actually, it amounts to less than one-half of one percent when pest management funds for federal forest lands are taken out. According to the President's 1986 budget, there will be no funds available for pest management on private lands. We urge this committee to review the importance of a unified state and private forestry program, nationwide, with federal participation to protect our forest resources from fire, insects and disease. We feel that the state forestry agencies are a very important part of meeting our nation's wood needs and support their efforts in regaining funds lost over the past few years. We recommend funding for State and Private Forestry at the 1985 level of $58.315 million.

Research

We recommend that federal forest research programs be maintained at the same level as in f.y. 1985, or at $120.964 million. We recommend also that any such reduction, which may be dictated by inflation, be allocated on a priority basis, rather than across the board. Key programs and activities such as the Forest Survey; Fire, Insect and Disease Protection and Control; Pine and Hardwood Regeneration and Forest Utilization Research should not be reduced below f.y. 1985 levels. The competitive grants program should be funded again at the 1985 level of $7.84 million. We recommend that the Sewanee, Tennessee hardwood research station be maintained and funded at the 1985 level. These research programs and activities are of vital importance to private nonindustrial landowners as well as to forest products industries in the South and across the Nation. The U.S. Forest Service research program is very well conceived and administered and is respected by the forestry community. Research is one activity in which the federal government is best equipped to exert a leadership role.

In conclusion, while the state and private forestry and research programs total less than 5 percent of the total Forest Service budget, our association feels it is extremely important that they be maintained at least at the 1985 level and on a priority basis.

Your committee over the years has demonstrated a deep understanding and support for adequate federal forestry programs. This support has been most gratifying, and I thank you on behalf of forestland owners and private forest interests in the South for the fine programs your insight has made possible.

STATEMENT OF WAYNE C. MARTIN, FORESTER, DEPARTMENT OF ENVIRONMENTAL PROTECTION, STATE OF NEW JERSEY

I understand the Subcommittee on Interior and Related Agencies of the Appropriations Committee will soon be considering the 1986 budget. I am writing to urge your support of the U.S. Forest Service program dealing with State and Private Forestry, and in particular, for maintaining the funding for the Urban Forestry program.

The 1986 budget proposal calls for substantial reductions in the State and Private Forestry program, and eliminates the Urban Forestry funding. State and private forestry programs are very important to New Jersey, the most urban state in the country. Urban Forestry programs have provided much needed assistance to many of our most urban communities throughout New Jersey.

Funding for Urban Forestry is very modest. The accomplishments of these urban communities have been large in comparison. New Jersey needs every bit of green space it can save. We are called the Garden State and for a very good reason. We would like to maintain this reputation and protect this valuable resourse so desperately needed by the people of New Jersey.

The USDA Forest Service has long helped with the management of the urban forest. They have been invaluable in providing the research and technical assistance necessary to manage our urban forest effectively.

Thank you for this opportunity to submit this statement for the record.

STATEMENT OF LYNN GOLDSMITH, HORTICULTURE DIRECTOR, TREE COMMITTEE, HORTICULTURE DEPARTMENT, BREVARD, NC

I am writing in response to the presidents proposed budget for FY 1986. I realize that in order to balance our national deficit some cuts will have to be made. However, I feel that by cutting back the United States Department of Agriculture Forest Service the Nation will suffer as a whole. It is our Government's responsibility to see that the resources, we are so fortunate to have, are managed, maintained, and inproved. A budget amount of 2 million dollars for FY 1986 would at least allow us to operate at our present status, but a cut, such as is proposed, will diminish the quality of our resources.

My department has recieved technical assistance from the State Urban Forestry office, which is funded by the budget. My department has planted approximately 40 street trees in the downtown area of the City, (with approximately 30 more to be planted), an old dumping area is presently being landscaped to be used for a park and nature trail, and numerous plantings have been placed along the highways. I have long range plans for more projects for my department, and the technical assistance from my State Urban Forester is essential in developing these plans.

Urban Forestry has made a positive impact on the City of Brevard. Citizens are involved and enthused about the Urban Forestry Program. Urban Forestry changed the drab appearance of our city and gave it a personality all it's own. This would not have been possible without federal money.

Thank you for this opportunity to submit a statement for the record.

STATEMENT OF JUSTIN R. WARD, FORESTRY PROJECT ASSISTANT AND F. KAID BENFIELD, SENIOR ATTORNEY, NATURAL RESOURCES DEFENSE COUNCIL, INC.

Agreement on the need to reduce the federal deficit is bipartisan and nearly unanimous. Fortunately, where national forest management is concerned, the goals of environmental protection and fiscal responsibility are not mutually exclusive. The Natural Resources Defense Council (NRDC)[1] urges Congress to take advantage of tremendous savings opportunities in the federal timber budget and to seek balanced funding for Forest Service programs.

National forest timber sales lose money in many locations

The economics of national forest timber management have been the subject of extensive research for many years, and there is strong evidence from a variety of sources that, in many parts of the country, sales are made despite timber values too low to offset the government's costs in making the resource available to private purchasers.[2]

In 1976, noted economist and former Bureau of Land Management Director Dr. Marion Clawson documented a pattern of unprofitable sales from public lands with low-value timber and described the national forests as "functionally inefficient."[3] In 1980, NRDC released Giving Away the National Forests, the first system-wide survey of below-cost sales; the study revealed that timber programs on more than half of all national forest units incurred financial losses from 1974 through 1978.[4] The NRDC findings were confirmed and refined by economist Gloria Helfand in a 1981 analysis of timber costs and receipts data.[5]

In a 1981 case study of timber management in Colorado's San Juan National Forest, Duke University economist William Hyde applied present value analysis to compare timber benefits and costs over time. Dr. Hyde concluded that significant economic losses would result from harvest of the standing timber, and would be exacerbated by investment in reforestation for future sales.[6]

Information furnished to Congress by the Forest Service in 1983 revealed a widespread pattern of forests with timber costs greater than receipts in FY 1982.[7] These data were analyzed, and the results confirmed, in a study by the Wilderness Society.[8]

Last year, the General Accounting Office (GAO) examined all timber sales in four western regions over a two-year period. The GAO analysis revealed that, while aggregate timber revenues exceeded costs, some 27 percent and 42 percent of all sales lost money in 1981 and 1982 respectively.[9] The Forest Service's 1983 annual report discloses that some 37 percent of the agency's timber sales lost money during that year.[10]

Uneconomic timber sales waste public funds, harm the environment and skew markets

Timber sales from productive national forest sites in the Pacific Northwest, California and the South tend to be particularly profitable, and to offset financial losses from other regions. Nevertheless, the public losses from below-cost sales are substantial. In 1982, for instance, if there had been no logging in those forests with inefficient timber programs, the Treasury would have saved around $254 million; even if sales had been curtailed in only the most egregious situations, those forests where timber values were less than half of production costs, the savings would have been nearly $211 million.[11] The Wilderness Society has concluded that, over the last ten years, the prevalence of below-cost sales has driven the overall federal timber program into the red, causing net public losses of around two billion dollars.[12]

It is most unfortunate that taxpayers are forced, in effect, to buy whatever environmental disruption accompanies national forest timber sales that lose money; an especially troubling outcome is the needless entry of bulldozers, chainsaws and logging trucks into roadless lands valuable for recreation and wildlife. Nevertheless, signals from the Forest Service indicate that the agency is prepared to spare no expense to construct new road networks in areas that, at least for the time being, would be better left alone.

One obvious consequence of below-cost sales is the massive subsidy they provide for firms that purchase and process the publicly owned timber. There are indications that this form of federal assistance directs the industry away from productive private lands and penalizes some wood products firms that depend on private lands to supply the bulk of their raw material.

The Forest Service is resistant to reform

With the debate over national forest timber economics intensifying in forest planning and in legislative arenas, the Forest Service has shown little willingness to compromise. Instead, the agency defends its poor receipts/costs performance on non-timber grounds, contending that a preoccupation with profits obscures economically valuable side benefits associated with logging's contribution to a healthy forest. Indeed, preliminary indications are that the Forest Service's new accounting system for identifying the finances of individual timber sales will rely heavily on assigned values for the purported side-benefits of logging and roads.13/

An example from the nearby George Washington National Forest illustrates serious flaws in the Forest Service's position. Arguing that the benefits of clearcutting to wildlife and recreation would outweigh any financial losses, the draft land management plan for the forest proposed a threefold increase in annual timber production and a quadrupling of the forest's logging road network. NRDC's analysis of the George Washington proposal, however, reveals that the claims for non-timber benefits from expanded logging and road building have been grossly exaggerated and based on faulty analysis.14/ In fact, the proposed expansion of clearcutting and road construction on the George Washington's steep slopes and unproductive sites would be harmful to forest scenery, wildlife and fish, soils and watersheds and other valuable features.

The blatant lack of concern on the part of the Forest Service for the public losses brought on by below-cost timber sales is illegal as well as reflective of bad policy. The National Forest Management Act (NFMA) contains a "marginal lands" provision (§6(k)) which directs the agency to identify and, with limited exceptions, exclude from timber production those sites which are not suited for logging because of economic factors. NRDC and nine other conservation organizations have brought administrative appeals of plans for certain national forests in Colorado to persuade the agency to implement the provision in a manner consistent with sound public policy and the remedial intent of the law.15/

We wish to stress that we do not approach the issues surrounding national forest timber economics from an inflexible, "all-or-nothing" position. In the first place, we have consistently supported allowances for unprofitable timber sales in cases where they are needed to salvage damaged stands of trees, to create small wildlife openings or to serve other appropriate multiple-use purposes. Moreover, we recognize that, in curtailing unprofitable programs, the government should act gradually rather than precipitously.

In addition, we understand that the below-cost sales phenomenon is site- and time-specific. Our contention that the number of unprofitable sales should be reduced is not an assault on national forest timber production *per se*. We recognize also that certain sites on even those forests which yield the most decidedly negative timber receipts/costs ratios may be suited for logging. Furthermore, changes in markets may cause future shifts in decisions about where it makes sense to sell timber.

The federal budget should support needed programs but limit funds for logging in uneconomic areas

In this context, it makes sense to place prudent limits on appropriations for those items in the Forest Service's budget that create below-cost timber sales. Although the agency, and perhaps eventually the courts, will reconsider the issue in the context of the appeals, the budget offers interim relief, particularly in those forests in early stages of forest planning pursuant to NFMA.

We have no objection to moving generally toward cost recovery in other Forest Service programs, as has recently been suggested by administration spokesmen, provided the same principle is applied to commodity and non-commodity uses. We are prepared, for example, to consider supporting the agency's proposal to increase recreational user fees, provided it is joined by a commitment to reduce the federal timber subsidy.

The need for overall reductions in the Forest Service budget is unquestionable but, unfortunately, the President's FY '86 budget request is out of balance. The timber program, where the savings opportunity is the greatest, is only lightly trimmed while other already strained programs face ruinous percentage reductions.[16] We are particularly alarmed by the size of the proposed cuts in funding for threatened and endangered species,[17] research,[18] land acquisition[19] and state and private forestry,[20] and we urge the committee to make appropriate restorations.

Statement of Matthew B. Coffey, Executive Director, National Association of Counties

On behalf of the National Association of Counties, I want to present our views on the Administration's fiscal 1986 Budget proposal to change the basis of the U. S. Forest Service payments.

Under federal law, 25% of the gross receipts generated from activities on national forest system lands are returned, via the states, to the counties in which the lands are located, to be used for public roads and schools.

In its fiscal 1986 budget, the Administration has proposed changing the basis of these forest payments from 25% of gross receipts to 25% of net receipts after expenses.

Under the current law, the Administration projects that forest payments to counties nationwide could amount to $238.8 million in fiscal 1985 and $364.9 million in fiscal 1986. The Administration proposes that under 25% of net receipts, which would go into effect in fiscal 1986 if enacted, payments to counties nationwide would be $31.9 million. This would mean a cut of approximately 87% between fiscal 1985 and 1986 payments. The reduction in fiscal 1986 payments from 25% of gross to 25% of net would be 91%. The actual reductions at individual county and school district levels could be even greater. The impact on rural counties with large tracts of national forest lands could be severe. NACo strongly opposes the Administration proposal.

The enclosed statement outlines in detail the reasons for NACo's oppostion to the Administration proposal. In summary, our concerns include:

(1) County roads are critical to those forest activities that generate the national forest receipts and bring revenues into the U. S. Treasury. Because the Administration proposal would result in drastic cuts in county forest receipts throughout the country, counties are extremely concerned that they will be unable to provide adequate maintenance of the county roads and bridges which support the entire spectrum of federal programs in the national forests.

In Del Norte County, California, for example, national forest receipts account for 60% of the county's road maintenance budget. Under the Administration's proposal the county would be unable to do anything more than repair potholes. If a winter landslide closes a road, as often occurs, the road would remain closed, probably permanently.

In many national forest counties, the national forest payments comprise a substantial portion of the county's road budget. For example, the commissioners of Bonner County, Idaho, have stated: "The bulk of the impact from national forest activities fall on the county road system. This is brought about in the preparation for and actual removal of timber products. Additionally, recreational vehicle traffic to the national forests strongly impacts the county road system. The forest receipts allocated to Bonner County for road purposes is a vital part of our budget."

(2) Under the Administration proposal, counties would subsidize national forest logging, recreational, and energy development access road networks. Thus, county budgets would subsidize federal programs. The proposal contravenes the Congressional purpose in enacting the 25% receipt-sharing program to mitigate the burdens imposed on local governments by federal activities. Counties would now pay a disproportionate share of federal impact mitigation.

(3) Numerous national studies, including the Joint Economic Committee of Congress, have identified the serious deterioration of our nation's infrastructure, including roads and bridges, and the huge shortfalls in funds to even adequately maintain these systems. These enormous revenue shortfalls will be exacerbated in national forest counties. Yet counties will be hard pressed to make up the losses from local taxes.

In 40 states there are presently state limitations on either property tax rates, levies, or general expenditures. For example, under the limitations of the One Percent Initiative, Idaho counties have no means of replacing Forest Service funds. They do not have the authority to establish a levy for roads without critically curtailing or eliminating other county levies.

County long term debt is on the rise because counties generally cannot finance county services, as well as federal and state mandates, on their own limited tax base.

(4) The condition of the roads in national forest counties and the ability of those counties to maintain the roads becomes essential to the economic survival of those counties. The Joint Economic Committee of Congress, in a 1984 study by its National Advisory Committee on Infrastructure, recognized the interdependence between an area's economic survival and its infrastructure. The director of the study said "without good roads to get workers to jobs, or goods to markets, costs will rise and productivity will suffer." Businesses must factor into their costs and location decisions employee tardiness and delivery delays caused by deteriorating transportation systems.

The areas that will lose almost all their national forest receipts are those just beginning to recover from the recent recession in the timber industry. Unemployment in these areas is still high. To the extent that counties can recoup some of the lost forest revenues through higher road user fees and taxes, it will increase industry's costs of harvesting and processing timber. This could cause further economic dislocation.

In addition to its effect on the timber economy and private employment of a county, reductions in road funds could lead to county unemployment. The Association of Oregon Counties, for example, predicts that hundreds of people in county public works departments could lose their jobs if road funding is reduced.

(5) The Administration states that its proposal would convert from sharing of gross receipts to net receipts after expenses. The Administration has not provided any specific breakdowns in program costs to explain how it defines "after expenses." Further, we see no specific recommendations in the fiscal 1986 Budget for directly correlated lower administrative expenses to justify the deep cuts in the payments.

Further, the proposal could adversely affect the Forest Service. Where counties can impose higher road tax and user fees, plus taxes on national forest operations, timber company operations will become more expensive. Their higher costs will be reflected in lower appraised values for Forest Service timber, lower stumpage bids, and, ultimately, reduced national forest revenues.

The Administration proposal will adversely affect county roads and public schools, access to the national forests, the timber industry, and local economies and employment. We urge the Subcommittee to oppose it, and retain the current system of national forest payments.

STATEMENT OF CRAIG J. GEHRKE, PUBLIC LANDS COORDINATOR, IDAHO CONSERVATION LEAGUE

The Idaho Conservation League is the largest in-state conservation organization within Idaho. The ICL has 14 chapters and approximately 1400 members statewide.

For years the ICL has worked constructively with federal land managers, most notably the U.S. Forest Service, toward protecting natural resources while allowing commercial use of Idaho's national forest lands. Over the past few years, however, the ICL has had to fight a trend in Idaho of roadbuilding a timber harvesting in the steep canyonland of Idaho's backcountry. Of prime concern has been proposed roadbuilding projects in the drainages of the Clearwater and Salmon Rivers (see map). These drainages, most of which remain roadless, provide a multitude of uses in their present capacity. Pristine water quality, abundant native fish populations, including anadromous populations of species of salmon and steelhead which return over 700 miles from the Pacific Ocean to spawn in Idaho, tens of thousands of elk (13,000 in the upper North Fork of the Clearwater River alone), and almost limitless opportunities for outdoor recreation including hunting and fishing are all just part of the many benefits provided by these river drainages.

Much of the Salmon and Clearwater drainages lie on the geologic formation known as the Idaho batholith. The batholith is characterized by steep slopes and highly erosive soils. Time and again roads built into the steep canyonlands of the Idaho batholith have resulted in accelerated erosion and damage to the watershed and fishery values of the impacted streams.

Despite the damage already done to some streams in the batholith, each year the Forest Service proposes to build more roads into this fragile backcountry. Under the fiscal year 1986 budget, about $386 million will be spent by the Forest Service to build roads. The ICL perceives this as an indication that backcountry roadbuilding will increase on Idaho's national forests. These roads are causing, and will continue to cause, direct damage to the other resources in these backcountry areas.

We would like to provide two examples:

On the Clearwater National Forest at the headwaters of the Lochsa River (one of the first rivers designated a Wild and Scenic River) is the White Sands Creek drainage in the Elk Summit roadless area. White Sands Creek has the capability to provide 32% of the chinook salmon habitat and 18% of the steelhead trout habitat on the Clearwater Forest. Several years ago a "hard money" road was built into the Elk Summit area. Called the Savage Ridge Road, the road later slumped down the hillside because of the steepness of the topography and the unstable nature of the soils. So far total costs of construction and repair of the Savage Ridge Road have cost the taxpayers over $2 million. In addition, over the next three years the Forest Service has plans to spend yet another $2.4 million on roads in Elk Summit. Such roads will drastically increase erosion to the point of destroying the fine fishery of White Sands Creek.

In all, the Clearwater National Forest has plans to spend nearly $20 million on "hard money" road construction over the next four years. Receipts from resulting timber sales will not even approach covering the costs of these roads.

Another area of concern lies in the Payette National Forest. Historically, the South Fork of the Salmon River produced 55% of the summer chinook salmon for the Columbia River drainage, and up to 3,000 steelhead annually. However, in the mid-1960's over 620 miles of roads were built during timber harvesting operation in the area. Due to the steep topography and highly erosive soils, the spring rains and accompanying snowmelt washed the roads out and poured tons of sediment into the South Fork, smothering the fish spawning grounds and rearing gravels. Some pools had sediment accumulations over 18 feet deep. Within three years a fishery which once produced over $100 million in revenue was all but wiped out. The timber extracted was valued at $14 million which did not cover the costs to the taxpayers of building the roads.

As a result of pressure from the Idaho Department of Fish and Game and conservation groups, a 10-year moratorium was imposed by the Forest Service on logging within the drainage. During this time the river began to flush itself clean of the deposited sediment. The Fish and Game Department built a $3 million hatchery at McCall to rebuild the ruined salmon run by hatching wild salmon eggs in the hatchery and releasing the newly-hatched fish back into the South Fork.

Two years ago logging resumed in the South Fork drainage. In April 1984 a monitoring team of Forest Service officials announced that sediment levels in the South Fork were once again increasing. Although the cause of the sediment increases has not yet been pinpointed, scheduled timber harvests in the drainage have since been temporarily halted.

However, the Forest Service, through the Payette Forest management plan, will recommend harvesting 5 million board feet of timber each year from the South Fork drainage. The roads from that logging activity will undoubtedly fill the South Fork once again with sediment.

Increasing the road building money available to the Forest Service will surely result in more roads in Idaho's steep backcountry. The erosion potential of these roads is great, and the resulting damage to the state's watersheds and fisheries will be devastating. The roads built in to Idaho's backcountry are purely single purpose roads: They benefit only the timber industry with yet another taxpayer-subsidized activity.

The ICL respectfully requests that the funding level for Forest Service road building in fiscal year 1986 be significantly reduced to a fraction of the requested level.

STATEMENT OF JAMES R. REBMANN, SENIOR ENVIRONMENTAL PLANNER, LEXINGTON FAYETTE URBAN COUNTY GOVERNMENT

I would like to state for the record that I am in favor of an increased budget for the U.S.D.A. Forest Service. My position as Senior Environmental Planner for the Lexington-Fayette Urban County Government has involved me in urban Forestry Planning for our community and has in the past eleven years turned around our community attitude in regard to our urban forests. Without Urban Forestry Grants we would have not had the success that we have today. I would urge that at the minimum an appropriation of at least two million dollars to the 1979 level of $3.6 million dollars be set aside for Urban Forestry Programs.

Urban Forestry has played an increasing role in Lexington in the past several years. An Urban Forestry Resource Evaluation study was completed; a Lexington Downtown Tree Planting Master Plan and a plan for Irishtown-Davistown were produced; a Tree Coordination Center has been established with direction from a Tree Board. A tree permit system was established to insure the proper planting and removal of street trees. A Memorial Tree Fund was established and has spent over $9,000 in tree projects last year. A Planting Manual has been produced, and a promotional slide presentation has been shown at numerous civic club meetings. Most recently, a computerized street tree inventory was completed, listing over 15,000 tree sites by street address, size specie, and condition.

I am attaching an article about Lexington which I co-wrote for the National Urban and Community Forestry Forum. I think that when you read this you will understand why we are proud and support the U.S.D.A. Forest Service Program for Research and Urban Forestry. In times of budget cuts it is difficult in may cases to justify programs. The Urban Forestry Program in Lexington is a growing program, one which in years to come will be looked upon as a worthwhile community endeavor. Thank you for this opportunity to submit a statement for the record.

THE NATIONAL
URBAN AND COMMUNITY
FORESTRY FORUM

APRIL-MAY 1984 VOL. 4 NO. 2

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"Tree-mendous" Lexington

"Plant trees . . . make Lexington tree-mendous." This is the new slogan of the Lexington-Fayette Urban County Government, private citizens, Kentucky Utilities Company, and local garden clubs, and civic groups. After an unfortunate period of almost 30 years without street tree planting, a turnaround in 1983 was instigated by the efforts of concerned citizens who worked tirelessly to enhance the livability of our community. City ordinances had to be re-written and attitudes adjusted to point to the right direction for tree planting.

This change of attitude was made possible in many respects by the Urban Forestry Assistance Program, P.L. 95-313, which is administered by the U.S.D.A. Forest Service. The Urban County Government Division of Planning was able to obtain grants to study the problems that Lexington faced. These studies were very important and they became a joint effort of several divisions of the Urban County Government. As a result, the studies and recommendations were presented and adopted by both the Planning Commission and the Urban County Council. This brought about resolutions, ordinance changes, and new ordinances to support the common goal of a tree-mendous Lexington. One of the first major steps, after reviewing the Urban Forestry Studies, was to consolidate tree-related activities within one office of the Urban County Government. Instead of four or five divisions responding to tree-related questions and activities, a Tree Coordination Center within the Division of Parks and Recreation was created. The Parks Planner and Urban County Arborist now issue permits for planting street trees, answer homeowner questions, and supervise tree maintenance in urban county-owned property. Every channel of communication—newspapers, television, radio, even neighborhood associations—was tapped to promote the idea that there is an office where trees ranked as a top priority.

Three major programs were officially launched on Arbor Day 1983. These were organized by the Tree Board, which is an advisory body for the Urban County Government, and the Tree Coordination Center. Civic groups, private individuals, and our local utility company were actively involved. These programs include: (1) Memorial Tree Program; (2) Utility Tree Replacement Program; and the (3) Downtown Tree Planting Program.

The Memorial Tree Program offered citizens an opportunity to donate money to buy a tree that would be planted in a city park of their choice in honor of a birth, death, special event, or just to make our parks greener. This program provided a way to replace trees in parks with private money. The city arborist crew plants the trees during spring or fall and maintains them year around. The donor is recognized through a letter of acknowledgment and the location of the tree is marked on a large map in the Tree Coordination Center.

The second tree-planting project brought together two groups, the utility company and local citizens, which are usually on opposite sides of the negotiating table. Kentucky Utilities offered to cooperate with a pilot project in two neighborhoods where large street trees under utility lines were in very poor condition as a result of extensive pruning. The Utility Company calculated the cost of removing the existing trees. They offered to give that sum of money to the Urban County Government if the government would remove the trees and plant new, low-growing street trees. The Division of Public Works agreed to remove the old trees and the Division of Parks and Recreation accepted the responsibility of grinding out stumps and planting new disease-resistant crabapples, hawthorns, and flowering cherries. Property owners were informed of the pilot project and with their permission the work began.

The tree planting project renewed neighborhood pride. One community repaired a stone wall, planted flowers, and formed watering crews to care for the new trees. Officials from Kentucky Utilities regarded the project as a great success and they agreed to fund a similar project in 1984.

The third and largest tree planting project focused on an historical section of downtown Lexington that is under transition. Corporate headquarters and other professional offices have renovated this part of the city, giving the previous rundown neighborhood a facelift.

As an additional step in restoration, the Tree Board studied the recommendations outlined in one of the Urban Forestry Assistance Grant studies concerning downtown Lexington. The plan was put in motion by the Tree Board after many hours of work and fund solicitation for the planting of street trees. The Lexington Council of Federated Garden clubs donated $4,500 for trees and sidewalk grates to kickoff the project. The Urban County Government donated professional services and labor to make sidewalk cuts and plant the trees. Former Governor A. B. "Happy" Chandler assisted in street tree planting on Arbor Day. A well known personality, "Happy" attracted extensive attention from the news media to boost public awareness of the downtown project. The event helped spur further contributions so that another private organization donated $30,000 to complete the street tree planting in the downtown historical area in the fall of 1983.

In 1983, other changes were initiated that will have a tremendous influence on trees. Through the re-writing of Lexington's Subdivision Regulations and the Zoning Ordinance, land developers are now required to show existing tree stands on the preliminary plat of every new subdivision and make every effort to preserve tree stands. This includes, if practical, moving the utility easements away from any fence row tree stands that are frequently on property boundary lines. It also includes trying to preserve large existing trees such as the 200-300 year old Burr Oaks, frequently found in Lexington.

New residential subdivisions are also required to plant street trees on all collector and local streets. This may be done in either of two ways. The builder may elect to pay a fee contained in the building permit in which the Urban County Government will be responsible for the planting, or the builder may decide to plant his own trees in conformance with the rules and regulations of our Street Tree Planting Ordinance.

The Subdivision Rules and Regulations also require that environmentally sensitive areas be shown. These include floodplain lands, which in many cases have streams that are tree lined. This is in an attempt to stop the practice of stream channelization and the destruction of the trees. The Zoning Ordinance section on landscape requirements has also been revised to allow large existing trees to take the place of required planting in business and commercial areas if the development so warrants and the developer plans for the survival of the existing trees.

Lexington has cultivated new interests in Urban Forestry with tree planting in public as well as private areas. Success can be obtained through exposure and education. Today in Lexington many individual neighborhoods are organizing to plant street trees. Some blocks have had one hundred percent participation in street tree planting. Other neighborhoods find that once the trees are in place the disinterested parties become interested and plant street trees.

Our city will be tree-mendous if tree care and maintenance are accepted as whole-heartedly as tree planting. We, as a community of private citizens, corporations, civic organizations with beautification projects, and an urban government with cooperative and knowledgeable professionals, must strive to protect our trees. We must continue to plant our urban forest wisely.

James R. Rebmann
Senior Environmental Planner
Lexington Fayette Urban County Government
Margaret Southerland
County Extension Agent for Horticulture
University of Kentucky

STATEMENT OF JAMES R. LYONS, DIRECTOR OF RESOURCE POLICY, SOCIETY OF AMERICAN FORESTERS

Mr. Chairman and members of the Subcommittee, my name is James R. Lyons. I am Director of Resource Policy for the Society of American Foresters (SAF). SAF, the oldest professional renewable natural resource management organization in the United States, was founded by Gifford Pinchot in 1900. Today, SAF's 21,000 members represent all segments of the forestry profession, including public and private practitioners, researchers, educators, administrators, and students.

I want to thank you, Mr. Chairman, and the members of the Subcommittee for your continuing support for forestry and your efforts to maintain a balanced, multiple-use program for the USDA Forest Service. The President's proposed FY 1986 budget for the Forest Service is consistent with previous proposals -- it seeks to implement substantial changes in federal forest management policy through the budget process. We believe that this is inappropriate. Let me say, however, that we support your efforts, Mr. Chairman, to raise issues related to the efficient management of the nation's forest and rangeland resources. In response to your inquiries during last year's Subcommittee hearings, the Subcommittee on Forests, Family Farms, and Energy of the House Agriculture Committee held hearings last week on the economics of federal timber sales. SAF has also responded by creating a task force to study the issue of below-cost timber sales on the national forests to offer the profession's recommendations for dealing with this issue.

My testimony today, Mr. Chairman, will emphasize three of the concerns that the forestry profession has with the proposed FY 1986 Forest Service budget, and will then present an alternative. **First, SAF believes that the budget must be viewed both in terms of its impact on current forest management activities and its effect upon the nation's natural resources in the future. The 1985 RPA Program should be presented to the Congress as the basis for making these judgements.** The President's budget makes no reference to RPA. **Second, we believe it is inappropriate for the President to propose major changes in federal forestland management policy -- such as increasing**

recreation user fees, changing the basis for making revenue sharing payments to the states, or exchanging 35 million acres of BLM and Forest Service lands -- in the context of the budget. These new policy initiatives should be presented to the appropriate authorizing committees, and sufficient time provided for the public to respond, prior to placing them in the budget. **Third, we believe it is essential that the Forest Service have adequate funding for key non-commodity resource programs -- recreation; fish and wildlife; range managment; and soil, water, and air management -- to meet its multiple-use mission.** We will present examples of the effects of reduced Forest Service budgets on some of these resources. Finally, we will present an alternative to the proposed FY 1986 budget that we believe is both fiscally responsible and adequate to meet the nation's current resource management needs.

The 1985 RPA Program Should be Presented to the Congress

In previous years, we have come before you and advocated that the Resources Planning Act Program, prepared by the Forest Service in compliance with the Forest and Rangeland Renewable Resources Planning Act of 1974 (RPA), serve as a comprehensive guide for program development and budgeting. RPA is intended to help the Forest Service, the President, and Congress determine the level and balance of Forest Service funding required to meet projected public needs for the goods and services provided by the nation's forests and rangelands.

Although program funding has not kept up with RPA recommendations, the RPA Program still provides a basis for assessing the tradeoffs between full program funding and reductions in program outputs associated with less than full funding. As such, the RPA Program is a useful planning and budgeting tool.

The 1985 RPA Program has not yet been presented to Congress although it is, by law, to be transmitted to the Speaker of the House and the President of the Senate when the Congress convenes. The Program is to be accompanied by a statement of policy, which is "intended to be used in framing budget requests ... for Forest Service activities for the five-or ten-year program period." Section 8(b) of RPA stipulates, "requests presented by the President to the Congress governing Forest Service activities shall express in qualitative and quantitative terms the extent to which the programs and policies projected under the budget meet the policies approved by the Congress.... In any case in which such budget so presented recommends a course which fails to meet the policies so established, the President shall specifically set forth the reason or reasons for requesting the Congress to approve the lesser programs or policies presented."

The President's proposed FY 1986 Forest Service budget contains no references to the RPA recommended program. The President has failed to comply with RPA in presenting a statement of policy to define Forest Service management direction for the next five years. Without this information, a comprehensive assessment of program funding needs is difficult. We strongly suggest that your Subcommittee, Mr. Chairman, and the appropriate authorizing committees request that the 1985 RPA Program and statement of policy be transmitted to Congress now, so that the President's budget request can be viewed in its proper context -- with some sense of the effects it will have on the ability of the Forest Service to meet the nation's future demands for goods and services from our forestlands.

New Forest Management Policy Initiatives Should Not be Incorporated in the Proposed Budget

The proposed FY 1986 Forest Service budget contains three major policy initiatives. The first is to increase recreation user fees on the national forests. In anticipation of the passage of legislation needed to implement this proposal, an estimated $25 million has been added to FY 1986 anticipated receipts. The second, is a proposal to change payments to States and counties on the basis of shared receipts from a gross receipts to a net receipts basis. This assumes the passage of proposed legislation which would reduce payments in FY 1986 by more than $207 million. The third policy initiative embodied in the proposed FY 1986 budget would transfer more than 35 million acres of federal lands between the Forest Service and USDI Bureau of Land Management. Though legislation would be required to implement this proposal, the Forest Service budget includes a request for $14.4 million to implement this interchange, and an additional $50 million for management of the Oregon and California Railroad Grant (O&C) Lands and Coos Bay Wagon Roads Lands, currently administered by the BLM.

SAF believes that it is inappropriate for such significant changes in forest management policy to be incorporated in the proposed budget. These proposals could have a substantial effect on the uses and users of forestlands, particularly those states and counties that depend heavily on their share of Forest Service receipts to support local programs. Rather than deal with these proposals in the context of the budget, they should be presented to Congress and the public in a manner that would provide for a thorough assessment of the costs and benefits of implementing them.

The Forest Service Must Have Adequate Funding to Meet Its Multiple-Use Mission

The Forest Service's mission is "to provide a continuing flow of natural resource goods and services to help meet the needs of the Nation and to contribute to the needs of the international community." Several statutes further define this mission. Most notable of these is the Multiple-Use Sustained-Yield Act of 1960, which stipulates, "the national forests are established and shall be administered for outdoor recreation, range, timber, watershed, and wildlife and fish purposes." I submit, Mr. Chairman, that recent trends in Forest Service program funding have hindered the agency's ability to fulfill its mission and provide for the multiple goods and services demanded by Americans of our forests and rangelands.

Since 1980, the total Forest Service budget has declined by $726 million, in constant dollars, using 1980 as a base. That amounts to one-third of the agency's budget in the last five years (See Figure 1). Individual programs have been cut in the following amounts(in 1980 dollars): Research - $18 million ; State and Private Forestry - $29 million ; and the National Forest System - $129 million (See Figures 2-4). Of course, these figures provide little insight into the impacts of these cutbacks on the resource base. However, a review of the National Forest System budget, provides a look into the disproportionate nature of resource program reductions.

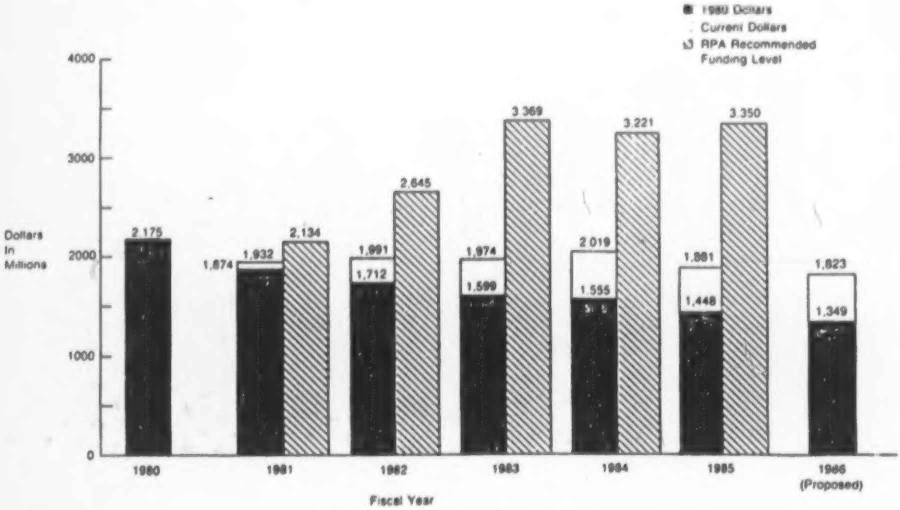


Figure 1. Total Funding, USDA Forest Service, Fiscal Year 1980-1986.

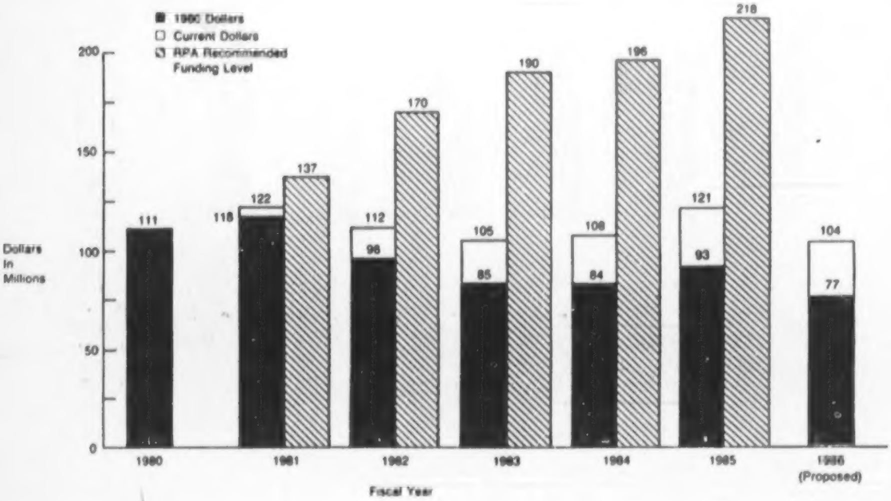


Figure 2. Research Funding, USDA Forest Service, Fiscal Year 1980-1986.

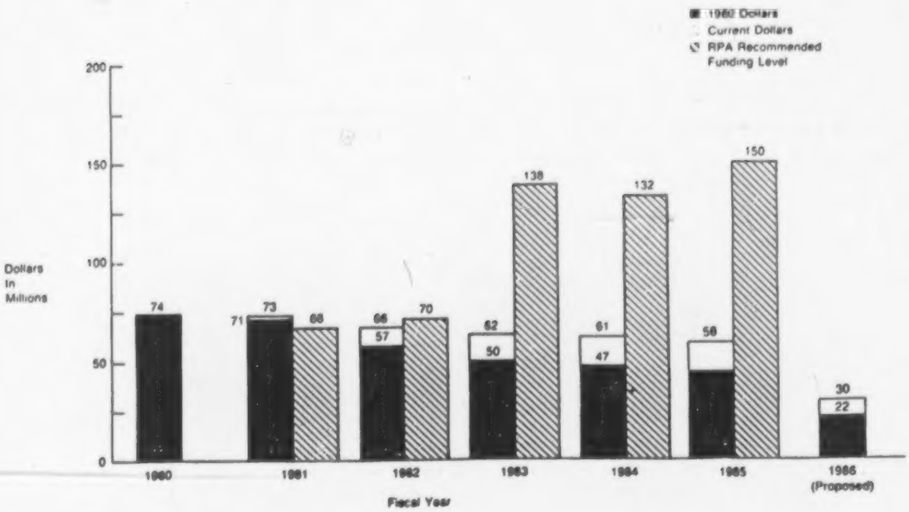


Figure 3. State and Private Forestry Funding, USDA Forest Service, Fiscal Year 1980-1986.

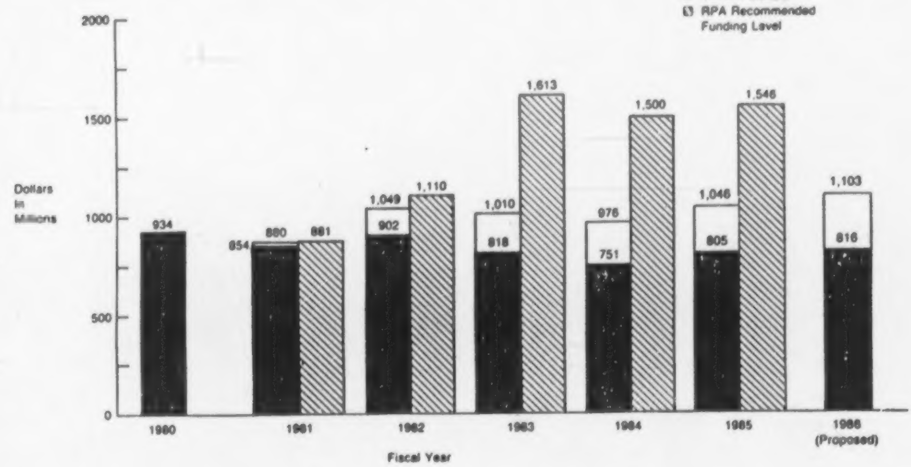


Figure 4. National Forest System Funding, USDA Forest Service, Fiscal Year 1980-1986.

As illustrated below, the revenue-generating, commodity-oriented segments of the National Forest System budget have received program funding increases since 1980, while the noncommodity segments -- recreation, wildlife and fish, range, and soil and water -- have had their funding reduced. For example, minerals area management funding has increased by 67 percent, while, at the same time, the budget for soil and water resource improvements has been reduced by 36 percent.

The impacts of funding reductions in noncommodity resource programs are evident in a number of ways:

RECREATION - In the last decade, participation in most kinds of outdoor recreation has been growing. Accompanying this increase has been a greater need for new facilities and rehabilitation of existing facilities, additional trails and trail maintenance, and investments in the other resources that provide a quality recreation experience.

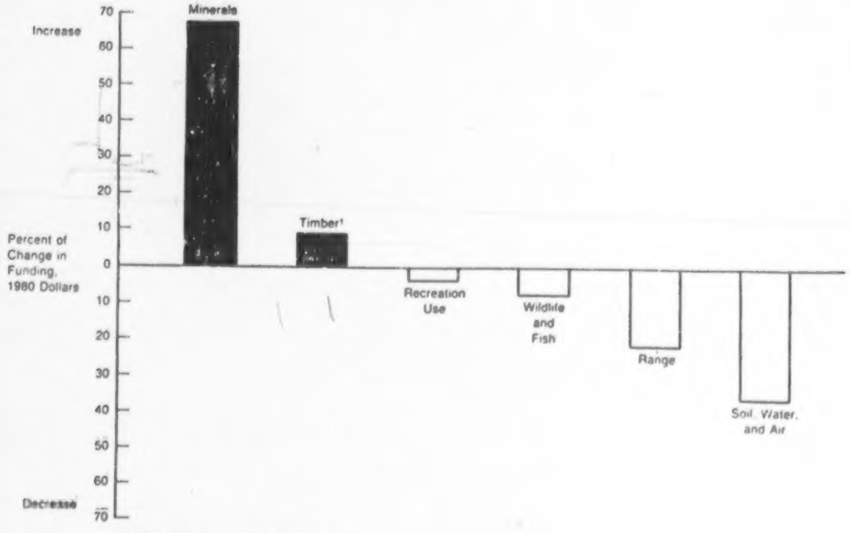
According to the supplement to the 1979 RPA Assessment Supplement (America's Renewable Resources: A Supplement to the 1979 Assessment of the Forest and Range Land Situation in the United States, USDA Forest Service, 1984), "the outlook [for outdoor recreation], given recent levels of investment in facilities and management programs, is for more overcrowding and continuing declines in the quality of experiences." In FY 1983, 68 percent of the developed site capacity for public use was operated at "less than standard service level." As a result, deterioration of these sites will be accelerated and maintenance costs higher. Deferred maintenance on Forest Service recreation facilities was nearly $300 million in FY 1983. The Service's recreation program is currently operating at less than full capacity, with some recreation sites opening later and closing sooner -- primarily due to reduced program funding. In its report on FY 1985 Appropriations (Report 98-575), the Senate Appropriations Committee expressed concern over the closing of recreation areas and directed the Forest Service to "keep sites open to the extent feasible".

Trail construction and reconstruction in FY 1983 reached only 20 percent of the RPA recommended level. Trail reconstruction requires substantial expense, but is essential to minimize resource damage. While an increase in trail construction funding is proposed for FY 1986, it will provide for 100 miles less trail work than occurred in FY 1985. Although volunteer assistance helps to reduce some trail maintenance costs, continued degradation of the national forest trails system is inevitable if recent trends in recreation funding continue.

FISH AND WILDLIFE - As reported in the RPA Assessment update, "almost without exception, among the regions of the contiguous states, the number of small game and upland game birds ... and big game ... have been dropping.... [C]ontinuing increases in the human population and losses and degradation of habitat suggest that even maintaining present population levels of many species will be difficult and costly."

Present conflicts over the harvest of old-growth forests in the Pacific Northwest and its impacts on the spotted owl, the effects of road construction on elk and grizzly bear habitat in the northern Rockies, and the effects of southern pine management on the red-cockaded woodpecker are symptomatic of declining habitats of wildlife on the nation's forestlands.

Recent reductions in program funding have limited fish and wildlife habitat improvements on the National Forests to mitigating the effects of other resource activities such as



[1] Sales administration and management only

Figure 5. Changes in National Forest System Program Funding, USDA Forest Service, Fiscal Year 1980-1985.

mineral development, livestock grazing, and timber management. Even investments in improving anadromous fish habitat, which have the greatest potential for providing economic return to the Pacific Northwest and Alaska, have been severly constrained.

Further reductions in endangered, threatened, and sensitive species habitat improvements in FY 1986 will delay projects intended to remove species from the endangered and threatened list. Increasing, costly conflicts among resource uses and users will likely result where species' populations remain in question.

RANGE - Over half of the 597 million acres of rangeland in the contiguous United States is rated to be in less than satisfactory condition -- producing less than 40 percent of its forage potential. The Forest Service projects that if current range forage supplies remain unchanged, a substantial imbalance will gradually develop between projected demands and the available supply. The benefits of range improvements include not only increased forage supplies but browse for wildlife, and improved soil and watershed conditions.

The President's Proposed FY 1986 Forest Service Budget is Inadequate to Address Current Resource Management and Research Needs

The President's proposed FY 1986 Forest Service budget would exacerbate existing inequities in National Forest System program funding. While funding for minerals area management would increase, appropriated funds for all other programs would be reduced. Recreation use and trail maintenance; wildlife and fish habitat management; range management; and soil, water, and air management would all incur further cutbacks. Forest fire protection funding would be reduced by $17.6 million, hampering the agency's ability to protect forestlands against wildfire. Reforestation and timber stand improvement (TSI) funding would each decline by about $7 million. The Service projects that it will have completed all the "feasible" reforestation backlog by October 1, 1986, and will maintain a "current needs level" of one million acres. The requested $46 million for reforestation would provide for the planting of only 130,100 acres in FY 1986, 30,400 acres less than was reforested in FY 1985. TSI funding in FY 1986 would provide for improvements on only 165,000 acres. The current backlog of areas in need of improvement is 1.5 million. Each year, TSI costs increase. Additional funding is needed to reduce the substantial backlog of areas in need of management improvement.

The proposed State and Private Forestry program budget fails once again to recognize the importance of the nation's 278 million acres of commercial timberland owned by farmers and other private, non-industrial landowners. These lands are an important source of timber -- producing 47 percent of the nation's roundwood supply, recreation, fish and wildlife habitat, forage, and water. The President's budget would severely restrict efforts to protect public and private forestlands from insects and disease; would eliminate Federal assistance to the states for fire protection, forest resource management, and urban forestry assistance; and would eliminate management improvement and planning assistance efforts. This proposal ignores both the economic and ecological benefits of cooperative forest management and protection programs.

Funding reductions in all elements of the Forest Service Research program are slated for FY 1986. SAF has advocated that progress in forestry is based upon knowledge gained through a strong, integrated, and multi-disciplinary research program directed to solving current and anticipated forest management problems. The proposed research budget would reduce research on the effects of air pollutants on forests (an area of critical importance), lengthen the forest inventory cycle, further restrict wildlife, range, and fish habitat research, and eliminate the competitive research grants in forestry program established in FY 1985. These proposed cutbacks are ill-timed. SAF is particularly concerned with proposed reduction in research on the effects of air pollution, including acid rain, on the nation's forests. Based on the findings of a recent SAF task force study, "Acidic Deposition and Forests," we have advocated an aggressive research program on the effects of air pollutants and acid rain on forests. We are currently working with the forest products industry and others concerned with the health of the nation's forestlands to identify specific research needs.

An Alternative to the President's Proposed FY 1986 Budget

I would like to propose an alternative to the President's proposed Forest Service budget that is fiscally responsible, responsive to current resource management and research needs, and simple.

SAF recognizes the need to address the mounting federal deficit. One likely consequence of failing to deal with the debt

-- rising interest rates -- would certainly have a negative effect on new housing starts and home improvements. The repercussions of this action would be felt by the entire forestry community.

SAF proposes that appropriations for the Forest Service be frozen at the FY 1985 level, and that the proposed timber sale program for FY 1986 be adopted. This action would reduce the timber offered in FY 1986 to 10,700 million board feet, including 2.6 billion board feet turned back under the provisions of the Federal Timber Contract Payment Modification Act of 1984, and reoffered for sale. The reduced timber sales program reflects current market conditions, and would save approximately $70.5 million in timber sales program costs over the FY 1985 program. These savings are associated with reduced harvest planning and administration, road construction, and support program costs.

The savings in program expenditures associated with this proposal could then be used to implement, in FY 1986, the proposed rescission of $15.5 million in Forest Service funding to comply with Section 2901 of the Deficit Reduction Act of 1984, and to provide added support to high priority research needs, to supplement forest management assistance and protection efforts, and to bring greater balance to National Forest System programs. We will provide you with more specific recommendations for the use of these funds at a later date.

In advocating this proposal, we adhere to the belief that new policy initiatives such as increased recreation user fees, major land exchanges between the Forest Service and Bureau of Land Management, and a change in the basis for making payments to states from gross to net receipts, be deferred until adequate time for Congressional review and a public response is provided. Anticipated revenues generated or costs incurred by implementing these proposals should not be contained in the FY 1986 Forest Service budget.

In closing, Mr. Chairman, let me reiterate the forestry profession's interest in tackling the national debt now, so that future generations don't pay the price. However, the profession also adheres to the notion that the nation's forests and rangelands -- both public and private -- should not be allowed to deteriorate. We must invest judiciously in the research, protection, and management of the nation's natural resources, but we must be willing to make these investments. If we fail to do so, then our children will pay a far higher price in the future.

Thank you for this opportunity to present our views.

STATEMENT OF KEN BAILEY, COORDINATOR, URBAN FORESTRY PROGRAMS, GEORGIA FORESTRY COMMISSION

My name is Ken Bailey, I am coordinator of Urban Forestry Programs for the Georgia Forestry Commission. I am also Legislation Committee Area Chairman for the National Urban Forest Council. I would like to recommend a $3.6 million funding level for the Urban Forestry line item of the USDA Forest Service budget.

As Area Chairman of the National Urban Forest Council Legislative Committee, I am concerned about Urban Forestry in the South. I feel that the funding level of Urban Forestry line item should at leat be restored to it's 1979 level of 3.6 million.

Urban Forestry in the South has benefited greatly from the minimum funding level of past years. For example in Georgia, Forest Service technical assistance and grant monies have been used to purchase equipment, fund building of mobile urban forestry eshibits, conduct training sessions on Urban Forestry and make public service television spots on Urban Forestry. The benefit of these projects have been tremendous in getting the message across to the urban residents throughout the state. These projects would not have been possible without USDA Forest Service Urban Forestry monies.

Urban Forestry research is also a very important part of improving the urban environment. The continuous need for research warrents a return to the original 1979 funding level of 1.5 million.

Urban Forestry is still in need of many research projects that will continue to help improve the knowledge of urban and community forest and their needs. A recent project about the value of urban trees to the homeowner has proved very beneficial.

With an estimated 80% of the people living on 10% of the land area, the value of the urban forest cannot be underestimated. More people and less green space mean a more intense job of tree management must be done. This can only be accomplished if we continue to get at least minimum urban forestry funding.

Thank you for this opportunity to submit this statement for the record of the U.S. Senate.

STATEMENTS OF NATIONAL FOREST PRODUCTS ASSOCIATION

I. INTRODUCTION

The National Forest Products Association is a national trade association representing over 2,000 member companies that own and manage forest lands, and manufacture solid wood products. A number of NFPA's member companies are partially or wholly dependent upon fiber from lands managed by the U.S. Forest Service.

The following statement will review the Administration's recommended 1986 appropriations for timber management in order to: (1) illustrate how the Forest Service could offer more volume than the recommended 10.7 billion board feet (BBF) at the suggested appropriations level; and (2) discuss why additional volume beyond 10.7 BBF is needed.

II. OVERVIEW OF THE ADMINISTRATION'S RECOMMENDED 1986 APPROPRIATIONS FOR TIMBER MANAGEMENT

For fiscal year (FY) 1986, the Administration is requesting a total of $542.7 million for timber sale and related programs. This level of appropriation is intended to provide for an offering of 10.7 billion board feet of National Forest timber sales. This represents a significant reduction from the approved fiscal year 1985 appropriation of $613.2 million (down 11.5%), and 11.2 BBF in timber sale offerings (down 4.5%). Comparing 1985 and 1986 levels, timber management is reduced by a greater percentage than any other resource area.

In the budget package, the Department of Agriculture indicates that the smaller volume of new sales is based on the following assumptions: (1) implementation of the Federal Timber Contract Payment Modification Act, makes it "no longer necessary to offer a large volume of new sales to be blended with the older higher-priced sales;" (2) although housing starts are "expected to increase through 1987 and then level off, there still will be an adequate inventory of sold but uncut timber on the National Forests;" (3) in recent months softwood lumber prices have declined; and (4) a significant portion of the increase in home construction has occurred in the sunbelt states, where wood products are drawn from areas where the National Forests are not as important as other sources.

NFPA does not agree with these assumptions. In Section IV, below, we describe why a higher volume level is needed.

While we will support the President's recommendation of a $532.7 million appropriation for timber management for fiscal year 1986, we believe that 11.2 billion board feet of sales should be retained as the Forest Service sales level target during 1986. It is our view that, with a $532.7 million appropriation, the Forest Service should be able to offer significantly more volume than 10.7 BBF. The analysis below describes how this can occur.

III. AT THE ADMINISTRATION'S RECOMMENDED FY 1986 APPROPRIATIONS LEVEL, SUBSTANTIALLY MORE VOLUME THAN 10.7 BBF CAN BE OFFERED

During FY 1986, a large number of sales will be either defaulted or bought-out by purchasers under the terms of the Federal Timber Contract Payment Modification Act (PL 98-478). In the latter case, the statute requires the Forest Service to give priority to reoffering brought-out sales before new sales are announced. The cost to the Forest Service for reoffering defaulted or bought-out sales is significantly lower than the cost of preparing and offering new sales.

However, the lower Forest Service cost for reoffered sales is not adequately reflected in the Agency's appropriation per thousand board feet of offered volume. For sale preparation, the budget for fiscal year 1986 contains a reduction of only 6.5% per thousand board feet from the previous year. Yet, a full 24% of the fiscal year 1986 sales program is composed of timber which was previously sold, and will be returned either by default or through PL 98-478. Thus, the proposed budget should support a sales program significantly larger than the recommended 10.7 BBF level.

To test this hypothesis, we turned to data contained in the Budget Explanatory Notes for the Forest Service. Using the data depicted on page 155 of the Notes, we performed the following analysis:

	1985 Estimate	1986 Estimate
	(Dollars in Thousands)	
Total Costs, Timber Sale Program	613,206	542,662
Forest Road Maintenance	35,710	12,127
Net Timber Sale Program	577,496	530,535
	(Outputs in Billion Board Feet (BBF))	
Timber Volume Offered	11.235	10.700

Since the Forest Road Maintenance account changes between the 1985 and 1986 budget, it was subtracted from the total timber sale program costs in order to make the net figure more comparable (see footnote on page 155 of the Notes).

An average timber sale cost per thousand board feet in 1985 is calculated as follows:

$577,496,000 ÷ 11.235 BBF = $51.40/MBF

All of the volume offered in 1985 is "new" volume. That is, it is not volume which had been returned under the Federal Timber Contract Payment Modification Act. Assuming a 4% inflation rate between 1985 and 1986, the average cost per thousand for "new" volume in 1986 should be $53.46.

The 1986 budget proposes a harvest level of 10.7 BBF consisting of 8.1 BBF of "new" volume and 2.6 BBF of "turnback" volume -- volume returned under the Federal Timber Contract Payment Modification Act. As indicated, the turnback volume is 24% of the total sale offering. According to the Forest Service, the turnback volume can be offered for, on the average, only 40% of the cost "new" timber sale volume.

To calculate how much turnback volume could be offered given the $530,535,000 for timber sales in the 1986 budget proposal, the cost for new sales is first calculated as follows:

8.1 BBF x $53.46/MBF = $433,026,000

Subtracting the $433,026,000 for new sales from the $530,535,000 for the total sales program, leaves $97,509,000 for the "turnback" volume.

If the "turnback" volume can be offered for only 40% of the costs of offering the new volume, the average sale costs would be:

$53.46/MBF x .4 = $21.38/MBF

This means that the turnback volume scheduled in the budget could be offered for:

$21.38/MBF x 2.6 BBF = $55,588,000

which is $41,921,000 less than the $97,509,000 left over after offering the "new" sales.

This $41,921,000 could be used to offer either an additional turnback volume of:

$41,921,000 ÷ $21.38/MBF = 1.96 BBF

or an additional volume of new sales of:

$41,921,000 ÷ $53.46/MBF = .78 BBF

given the budget proposed for the 1986 sales program.

Moreover, the 40% estimate for average sale preparation costs for turnback volume may be too high. Our conversations with the timber management staffs in a number of the Forest Service Regions suggest that over 70% of the probable turnback volume will require minimal preparation before reoffering.

Consequently, depending on the mix of additional new or turnback sales offered, the Forest Service could provide as much as 12.7 BBF of sales during FY 1986 with the requested $542.7 million appropriation. Recognizing that the above calculations provide only an overview of the situation, NFPA has selected 11.2 BBF as a conservative target sales level for FY 1986. We believe that the Forest Service should have no trouble meeting this target within the limits imposed by the recommended appropriations.

IV. THERE ARE A NUMBER OF REASONS THAT 10.7 BBF WILL BE INADEQUATE TO MEET THE NEEDS OF PURCHASERS DURING FY 1986

The Forest Service's assumptions about the adequacy of a sales offering of 10.7 BBF are both inaccurate and in conflict with the Agency's Resource Planning Act (RPA) assessment that: (1) the long-range picture for timber demand is bright; and (2) we need to rely on the capacity of both public and private lands to meet this demand. We believe that an 11.2 BBF sale level is necessary for FY 1986 for the following reasons:

A. A Plentiful Supply of New Timber Sale Volume is Needed to Blend withthe Old Unprofitable Sale Volume.

The Timber Contract Payment Modification Act allows purchasers to return up to 55% of the high priced volume purchased prior to 1982 in order to promote stability in the timber industry, and in the communities dependent upon the industry.

We estimate that about 11.5 BBF will be returned to the Forest Service under the Act. The Forest Service analysis agrees with our projections. While returning this volume will go a long way towards solving some of the problems associated with the inflationary period prior to 1982, a portion of the problem will remain. The industry will still have over 8.9 BBF of high priced volume under contract, representing an average loss of $101 per thousand board feet at current prices.

Most of this volume is, or will be, extended over a 5 year period under the President's Contract Extension Program. The extension will allow purchasers to blend the old expensive volume with new, and hopefully less expensive, timber sales. A high level of new sales is needed to insure that firms can work through the remaining high priced contracts without incurring debilitating losses. Without an adequate supply of new volume, the objectives of the Act and the Extension Program cannot be achieved.

B. An Adequate Supply of Federal Timber is Needed to Assure that Bids do not Escalate.

During the discussions preceding the passage of PL 98-478, it was generally recognized that the excessively high bids were based on optimistic projections of future demand and prices, coupled with pessimistic projections of future supplies. High bids resulted from purchasers trying to ensure a supply of raw material to existing mill facilities.

Today, mill capacity has not decreased substantially from the pre-1982 recession levels. Purchasers are again confronted with intense competition for raw material which does not appear to be adequate to meet current needs. Furthermore, projections about future supply levels continue to be pessimistic due to Wilderness set-asides and the likely impact of the upcoming National Forest Management Plans on future sales levels.

A wrong signal from the federal government restricting the sales level could lead to a resumption of desperation bidding as purchasers again try to obtain volume sufficient to keep their mills open. Such bidding could be especially pronounced if, as the Administration projects, actual harvest exceeds sales offerings. Another period of desperation bidding will exacerbate the problem that both Congress and the Administration have tried to solve.

C. Investments in Timber Management are Needed Now to Ensure an Adequate Timber Supply in the Future.

In some areas of the country, harvest has shifted from public to private lands in response to past reductions in Forest Service sale levels. Private lands cannot, alone, maintain current harvest levels indefinitely. The sales on public lands must be increased to meet current levels of demand.

The 1980 RPA program emphasized that the production capacity of both public and private lands must be utilized to meet long range demand for lumber. Through this Program, Congress specified that the 1986 RPA timber sale target should be 12.2 BBF, recognizing that short term timber targets play an integral role in meeting long term timber objectives.

Early indications are that the Administration will propose 1985 RPA goals which exceed the long term goals of the 1980 Program. These objectives can only be met by increasing current harvest levels and timberland investment.

The current shift from public to private sources of supply is vividly demonstrated in Region 1 - Northern Idaho and Montana. In 1972, the timber sale program was reduced by one third -- from 1.7 BBF to 1.15 BBF -- in response to pressure from the environmental community. Industry responded to this change by increasing harvest levels on private lands. Total timber harvest in the region thus remained relatively constant, in spite of the reduced federal sales and market fluctuations. The private component of the harvest increased from 30% prior to 1972, to 60% in 1982.

Unfortunately, the industrial lands comprise only 7% of the total commercial forest land base in the region, and cannot sustain current harvest levels indefinitely. Thus, either the Forest Service must increase harvests to RPA levels, or existing mill capacity must be reduced. There is simply no other choice.

D. A High Level of Timber Sales is Needed to Maintain an Adequate Volume of Timber Under Contract.

The average contract length is currently between 2.5 and 3 years. It is generally agreed that the prudent purchaser should try to maintain between 2.5 and 3 years worth of volume under contract in order to allow efficient and orderly operations of sales. A sufficient supply also tends to discourage desperation bidding.

At the end of FY 1984, 37.9 BBF of Forest Service timber were under contract. Recent annual harvest levels averaged about 10.25 BBF. The volume under contract, therefore, represented about 3.7 years worth of timber harvest.

The Timber Payment Modification Act, according to our calculations, will result in the return of 11.5 BBF to the Forest Service. This will automatically reduce the volume under contract to 26.4 BBF or about 2.6 years worth of harvest, based on the recent harvest levels. The Administration estimates that the 1986 harvest will be 11.2 BBF or .7 BBF above the sales level. This means that: (1) the volume under contract will only represent about 2.4 years worth of harvest; and (2) since proposed sales are less than projected harvest, the problems associated with insufficient volume under contract will be exacerbated. While 2.4 years is not far below the bottom end of the desired range, the situation in some regions is much more serious.

E. Adequate Timber Sale Volumes are Needed to Help Domestic Firms Compete with Canadian Imports.

Domestic firms must be able to compete with Canadian imports in the marketplace to maintain or win back market share. Canadian stumpage prices are substantially less than stumpages prices on Federal lands managed by the U.S. government. A reduction in sales levels could increase stumpage prices to the point where, at least in the short-term, prices are bid so high that firms can only recover fixed costs. This would reduce our domestic firms' ability to maintain market share against Canadian imports. The industry would be harmed in the long run as the margins necessary to maintain investment in production capacity disappear.

F. The Timber Sale Program Provides a Positive Net Return to the Treasury.

According to the Annual Report of the Forest Service for 1984, the 1984 timber harvest produced a revenue of $701.4 million. Direct timber sale costs were $303.8 million, multiple use road costs were an additional $282.7 million. A positive net cash flow was generated by the program, regardless of the method used to allocate road costs. Reducing the sales program will ultimately result in a loss of revenue from this profitable program.

The profitability of the timber sales program is enhanced by the existence of a large volume of timber that will be returned to the Forest Service under PL 98-478. Given the fact that the turnback volume is generally high quality, and that reoffering these sales is generally a low cost activity, the turnback volume will work out to be an especially profitable portion of the timber sale program. Increasing the 1986 sale program using the turnback volume will result in substantial profits to the Treasury over the next couple of years.

Finally, a sustained level of timber sales volume is necessary to create an economic climate within the industry which will foster investments and productive activity. Production ultimately results in tax income to the Treasury.

G. The "Cap" in Region 6 is Not an Impediment to Increasing the 1986 Sales Levels.

PL 98-478 imposes two kinds of "caps" on timber sales levels in Region 6 between 1986 through 1992. First, the uncut volume under contract in Region 6 may not exceed 12.3 BBF. If the amount of timber harvested drops to the point where uncut volume exceeds that limit, a reduction in sale offering is triggered. Second, annual sales levels may not exceed 5.3 BBF of standing green timber.

At this time, the regulations implementing the Act have not been finalized -- no contract has yet been "bought out." Our calculations of the probable distribution of buy-out volume basically agree with Forest Service analysis, and indicate that enough volume will be bought out in Region 6 so that the 12.3 BBF cap on uncut volume under contract should not limit the sales program in 1986 below historical levels. Furthermore, since the 5.3 BBF cap on annual sales offering is close to historical levels, this cap should not contribute to any reduction in the 1986 timber sale program.

IV. CONCLUSIONS

NFPA supports the Administration's appropriations request for timber management, but believes that those funds can produce more than 10.7 BBF of sales offerings. We urge the adoption of 11.2 BBF as an appropriate target level. The Forest Service should be encouraged to work toward this target by reoffering returned sales promptly, and with a minimum of unnecessary administration delay.

The National Forest Products Association (NFPA) is a forest industry trade association representing 34 regional, national and international forest industry associations and some 2500 forest products companies. NFPA and its federated associations have a major interest in the use and management of the nation's timberland, both public and private, and in the growth, harvest and manufacture of wood and wood products.

FOREST SERVICE RESEARCH

These comments and recommendations represent the NFPA/American Pulpwood Association Forest Resources Research Committee which serves as the focal point for the development of national forest industry policy on federal forest research.

These comments represent the views of the forest industry as determined by the regional and national research committees of these two associations.

FY 1986 BUDGET

The forest industry accepts and supports the proposed FY 1986 budget for Forest Service-Research of $104.2 million.

FOREST SURVEY

We recommend, however, that $2.5 million be restored to the Forest Inventory and Analysis line item for the purpose of shortening the southern forest survey cycle time to eight years and reducing the cycle time in other regions to acceptable levels. Last year, Congress earmarked additional funds to forest inventory which, if maintained, would reduce the national average forest survey cycle time to the desired 8-10 year levels. We were pleased and thankful for this action, noting that USFS research officials estimate it will take four years for this expanded funding to achieve the reduced forest survey cycle goal of 8-10 years. From our standpoint, we feel that the $2.5 million restoration to the Forest Inventory and Analysis line item is the top priority.

We recommend these funds be made available by reallocation from within the proposed budget of $104.2 million and will, if requested by the Forest Service, assist in recommending how funds can be reallocated from lower priority research areas.

FOREST PRODUCTS LABORATORY

The forest industry supports the basic products and utilization research carried out by the Forest Service at the Forest Products Laboratory and supports the Administration's efforts to maintain this work.

COMPETITIVE RESEARCH GRANTS IN FORESTRY

The forest industry supports the concept of competitive forest research grants as established in the FY 1985 Forest Service budget. We understand that funds currently available for these grants will not be released until the middle of FY 1985 and will support work for several years. In light of this and the need for a sound fiscal policy, we do not believe that a restoration of funding in FY 1986 is in order. We recommend that the existing competitive research grants program be implemented and monitored and, as appropriate, that funding be provided in FY 1987 and beyond.

ATMOSPHERIC DEPOSITION

The forest industry is participating in the development of the U.S. Forest Service research programs designed to determine if U.S. forests are being negatively impacted by atmospheric deposition. Although no conclusive evidence now exists to indicate that this may be happening, research is needed to determine what, if any, short-term and long-term effects there may be. There is evidence emerging that inquiry into the effects of gaseous pollutants, rather than acid deposition, would be a more fruitful area for research by those interested in forest health and productivity. We encourage a refocusing of research and studies to include this new emphasis.

In this regard, we support the proposed postponement of the vegetation survey, but question delays of research at Burlington, Vermont and Delaware, Ohio and suggest realignment of priorities so these activities can move forward.

STATE AND PRIVATE FORESTRY

The forest industry has not formalized its final FY 1986 budget recommendations for State and Private Forestry. These will be ready in early May and we will submit them at that time.

However, we strongly recommend that a major review be initiated to determine the priority federal responsibilities in private forestry. The time has come to reach some agreeement on what activities the federal government should carry out and fund and which ones are more appropriately funded at the state level. It is essential that this question be resolved and that a new, stable federal/state partnership be established.

We suggest that initial discussions be focused through the National Council on Private Forests, an organization made up of the major national-level groups and associations dealing in private forestry. When appropriate, consensus recommendations should be made to the appropriate authorizing committees in Congress. Such recommendations should be available within 8-10 months.

STATEMENT OF NATIONAL SCHOOL BOARDS ASSOCIATION

PREFACE

The National School Boards Association (NSBA) appreciates the opportunity to submit this testimony for the record on forest service receipts and the deleterious impact which cutting these monies would have on our schools. NSBA is the only major education organization representing the nation's 95,000 local school board members. These local officials, in turn, are responsible for educating, as well as providing other services to more than 50 million of the nation's citizens.

Currently marking our 45th year of service, NSBA's purposes include: strengthening the local governance of school districts, promoting access to the highest quality of public education for all Americans, and developing cooperative strategies with other governmental units to finance and serve the public good. Generally, local school board members are elected (96%). Accordingly, they have direct political accountability to their constituents for both public policy and fiscal management. As public officials, school board members, like other governing officials, address public policy without consideration to professional vested interests.

OVERVIEW OF PROGRAM

Counties that have federal forests within their borders now receive 25% of the gross receipts received from timber profit. Counties in turn use a portion of these funds for roads and share the remainder with local school districts. This has been a highly beneficial program for those school districts that have participated, especially for those who must depend on the use of these funds to maintain essential operations. Quite a few states receive funding — with a high impact in the western states.

The Administration is currently proposing to change the formula by which the funds will be distributed by deducting a wide variety of expenses and then providing 25% of the net timber receipts for public schools and roads. The result is that on a national basis, funding for the total program will be reduced from $364 million in FY 1986 to $32 million representing a 91% cut. Unlike a typical federal grant-in-aid program, which targets funds for a specific purpose, these funds are particularly valuable, since they are used for general operations in the school system.

DATA GATHERED FROM SCHOOL DISTRICTS IN IDAHO AND CALIFORNIA

NSBA gathered data from a number of school districts in Idaho and California — including those where the percent of school district revenue derived from the reserve program was greater than 10%, and in a few cases, between 30 and 60%.

The significance of these figures is even more substantial when it is recognized that school districts have a very small amount of discretionary funds.[* Moreover, because school district budgets are 75% committed to salaries, any retrenchment of cuts means losing teaching staff with the additional burden of having to pay unemployment compensation, which adds a further financial drain on school systems.

Since Idaho is rated as one of the lowest in the nation in funding per pupil, it is important to realize how critical the timber revenue is for school finance and how devastating a cut could be in a state so dependent on forest funds. Because of substantial cutbacks in state and federal funding, and because of an inability to pass overrides in an economically depressed area, every effort needs to be made to maintain timberland monies, as schools do in fact benefit. In California because of proposition 13, local school districts would have difficulty raising revenue to replace what is lost from federal timber receipts -- even if local tax payers were willing to spend more.

NSBA contacted thirteen superintendents from school districts in Idaho, and over 100 school districts in California responded by mail to NSBA's survey on the application and necessity of timberland monies for education. Though we heard from many school districts, we primarily focused on those who reported that their timberland revenues to exceeded over 10%of total revenues. Verbatim highlights of Idaho phone interviews and California letters follow. A chart depicting the unabridged responses to the questions from a sampling of Idaho school districts issubmitted as Appendix A.

[* On a national basis over three-fourths of the typical school district budget is utilized for salaries, with additional funds used for such fixed costs as debt retirement, and for mandates ranging from school bus replacement to civil rights. Most school districts have less than 5% of their budget available for program improvement (e.g., replacing old textbooks) — or for cutting programs (short of firing personnel).

HIGHLIGHTS OF RESPONSES FROM IDAHO

- Losing forest funds would be a disaster because no new equipment could be purchased, no major repairs could be made and no remodeling could take place, since the amount of money needed could not be raised by passing a levy.

- The impact of losing the timberland monies would be devastating because all of the buses, equipment, general maintenance and operation monies come from these funds.

- We would virtually be bankrupt because we're a very poor school district that relies heavily on forest monies. We have no ability to budget capital outlays so that if there is a bus accident, we rely on forest money; if there is an increase in class size, we rely on forest money.

- A 91% cut would mean losing a couple of indispensable teachers' salaries and valuable supplies.

HIGHLIGHTS OF RESPONSES FROM CALIFORNIA

- It would cause a considerable loss of funds for upgrading teaching skills and administrator competencies as well as diminish the purchase of instructional materials and equipment.

- Since we are a rural county that is sparsely populated, we have higher than normal transportation costs. Since 50% of these funds go to the County Roads Department for improvement and addition of roads within the county, our loss per mile for school transportation is unusually high so this is an area where our Forest Reserve receipts are critical.

- Our entire library and music programs would have to be eliminated. Furthermore, we would suffer a reduction in textbooks and in instructional supplies.

- We would be drastically affected. 17% of our budget would be lost. We would have to cut the variety of curriculum offered, soon then reduce staff, and eventually look at school closure as we could no longer compete with schools offering more curriculum.

- The services being provided with forest reserve funds are ones which local districts would find difficult, if not impossible, to make available for their teachers and/or students. If some of these services were not provided, they would probably disappear in this rural environment with a limited population. The county can only provide them at this time because Forest Reserve Funds are available.

- A reduction of school nursing services by 25-30% would be one major area of reduction. Another area would be in curriculum consultant support services for schools. At this time, no school agency in this county has any full-time personnel available to do this role. The demands for these services of the county curriculum personnel are extremely heavy in view of recent school reforms and curriculum legislation.

CONCLUSION

THe National School Boards Association is deeply concerned about the loss of federal forest reserve funds which would have a very serious effect on the instructional programs of students and the necessary operation costs of schools in a number of western states including Idaho and California.

School disticts in the past have been able to reserve forest funds for capital improvements. However, because of cutbacks in state and federal funding, it has now become necessary in many districts to use forest funds to pay salaries and for maintenance and operations. Any loss in federal reserve funds of the magnitude of 91% will directly and dramatically affect basic educational programming in both Idaho and California.

Appendix A

Idaho School Districts Respond to Loss of Timber Receipt Funds

SCHOOL DISTRICT	APPROX. AMT. OF FOREST FUNDS LAST YEAR	AMOUNT OF FOREST FUNDS EXPECT THIS YEAR	% OF SCHOOL DISTRICT REVENUE ALLOCATED TO FOREST FUNDS	IMPACT OF 91% CUT
KELLOGG	$450,000	Never know from year to year	@ 12%	The county is so dependent on forest money - even for operating roads - that the impact would be devastating.
MULLAN	$ 69,909	About the same amount	@ 30%	The impact would be very dramatic - a substantial amount of the operating budget would be eliminated.
WALLACE	$266,632	No way of knowing at this time	@ 13%	The impact would level a tremendous blow they couldn't recover from. Considering that they could not raise the amount of money needed for capital expenditures by passing a levy, no new equipment could be purchased, no major repairs could be made and no remodeling could take place.
AVERY	$ 17,071	Hope it will be about the same, but it's difficult to project. A lot of mills are in trouble so it is rumored that it will be less.	@ 21%	It would be very sad if the funds were cut dramatically. A lot of school districts in the state had to go to forest funds just to keep their ship afloat.
GRANGEVILLE	$312,000	Budgeted about $300,000 for next year.	@ 14%	They'd have to go to local tax payers as an override for every penny of it. They are spending the pennies that are now in reserve. They use every bit every year.
COTTONWOOD	$ 95,000	Probably about the same as last year or a little less	@ 15%	The impact would be terrible. The original intent was for building improvements; upkeep, etc. Grounds and building improvements would go by the wayside. Within a couple of years there would be no money in that account. A facilities levy would be required.
BONNER	$210,000	Hope it will be equal to last year	@ 43%	The impact would be horrendous. It would cut them out of a lot of maintenance money. 18 buildings are used for maintenance. Schools are 90 miles apart and it would be impossible to maintain the buildings.
BOUNDARY	$200,864	$125,000	17%	The impact would be terrible because all of the buses, equipment, general maintanance and operation monies come from these funds.
LAKELAND	$ 18,000	@ $ 20,000	Less then 1%	The impact would not be great since the forest monies are so small a percentage of the total budget. They accumulate federal forest funds over time and then apply them to a capital expenditure.

Idaho School Districts Respond to Loss of Timber Receipt Funds

SCHOOL DISTRICT	APPROX. AMT. OF FOREST FUNDS LAST YEAR	AMT. OF FOREST FUNDS EXPECTED THIS YEAR	% OF SCHOOL DISTRICT REVENUE ALLOCATED TO FOREST FUNDS	IMPACT OF THE 91% CUT
COEUR D'ALENE	$ 88,000	Anticipating less because price of logs is down. May be as low as $60,000.	Less than 1%	Very poor school district that relies heavily on forest monies so the impact would be significant. They would virtually be bankrupt. There is no ability to budget capital outlays so that if there is a bus accident they rely on forest money, if there is an increase in class size, they rely on forest money. There is no margin in the budget whatsoever. Lost a great deal of federal funding. The economy of the state is depressed, and small appropriations are hampered by a 5% lid on local tax limits in a rapidly growing community.
POST FALLS	$ 38,350	No idea. Don't usually know until the fall.	@ 12%	It would be a disaster because with 3,150 children, the district operates with 1/2 the budget of the majority of school districts in the nation. A 91% cut would mean losing a couple of indispensable teachers' salaries and valuable supplies.
KOOTENAI	$ 2,136	@ $4,172	@ 5%	It would not have a great impact. The local folks merely have to pick up the slack in their regular supplemental levy on property taxes.
WORLEY	$ 800	Less this year - about $600.	Less than 1%	0 impact

DEPARTMENT OF ENERGY

STATEMENT OF DONALD R. GLENN, DIRECTOR OF RESEARCH, ENERGY RESEARCH CORP.

I am Donald R. Glenn, Director of Program Development for the Energy Research Corporation (ERC), a subsidiary of St. Joe Minerals Corporation, a Fluor Company. I appreciate this opportunity to present this statement to your Subcommittee covering several important cost-shared research programs sponsored in part by the Department of Energy (DOE) and falling under the Subcommittee's jurisdiction, in consideration of the FY 1986 Budget.

ERC, in celebrating its 15th anniversary this year, has maintained our founding objective, to engage in all aspects of electrochemical energy conversion and storage functions, from exploratory research through marketing of finished products. In pursuit of this charter, ERC has grown to a staff of over 150, with approximately 40% possessing directly relevant technical degrees. ERC is among the top two or three largest U.S. companies developing advanced batteries and fuel cell technologies, and may be the largest firm dedicated solely to producing electrochemical power components and systems. ERC is located in Danbury, Connecticut.

We maintain a continuing concern for our Nation's energy security, particularly with respect to petroleum supplies. ERC believes that demands for power will favor technologies able to supply electricity at smaller scales than associated with nuclear and coal-fired base-load utility powerplants. This reasoning results from a realistic perspective of new powerplant orders, greater dispersement of our population to suburban and rural settings, and a shift in power demands from heavy primary industrial plants to smaller, less energy-intensive manufacturing operations. These trends have utility decision-makers revising new capacity addition strategies to compensate for troublesome and lengthy nuclear licensing and construction lead-times, and environmental controversies. A recent Worldwatch Institute report, "Electricity's Future: The Shifts to Efficiency and Small-Scale Power," by Christopher Flavin, clearly defines this prognosis. ERC expects that, at least for the remainder of this century, the demands for powerplants in the 100 kW to 200 MW range, will grow dramatically to serve industrial, residential and commercial consumers. Most importantly, this demand will also insist on reliable power at higher energy efficiency, with reasonable economic pay back on capital. Most knowledgeable energy forecasts predict a return to higher energy prices and disappearance of the "energy bubble" shortly, as the world economic recovery absorbs the present energy excesses, assuming no premature disruptions. For these reasons, ERC has intensified efforts to bring our best technologies to maturity, and to the Subcommittee's attention.

I am pleased to report to you on some significant progress in our on-going programs in phosphoric acid fuel cells and the molten carbonate-based Direct Fuel Cell (DFC). In addition, two new DOE projects were initiated in our Battery Division, involving our nickel-cadmium and zinc-bromine electrochemistries as applied to electric vehicles and utility load leveling. Each of these activities contributes to reductions in petroleum dependency, responsiveness to rapid load changes at much higher total energy efficiencies than current hardware, and at very competitive costs helping to keep energy prices in check.

By way of example, our molten carbonate based-Direct Fuel Cell can produce electricity at a cost of about 6¢/kWhr based on the current price of natural gas (at $4.00/mmBtu). This compares with about 12¢/kWhr for new nuclear plants.

The efficiency of the natural gas fueled plants is relatively independent of size and may provide additional cost benefits since these plants can be sited near the user where waste heat credits could provide additional energy savings. The siting flexibility comes about because the fuel cell is environmentally benign, silent and compact. A 2 MW Direct Fuel Cell powerplant requires only 2/3 acre! A coal-fueled MCFC using ERC Direct Fuel Cell technology can produce electricity from coal for 5.5¢/kWhr, using a coal price of 50 $/ton.

Complimenting the DOE funds, all these projects have financial encouragement from the private sector, including ERC discretionary funds, additional evidence of these programs' importance, priority and high expectations.

I would now like to briefly report some of the technical successes we have achieved in the past year on DOE and related projects.

Phosphoric Acid Fuel Cells (PAFC)

ERC has several important programs that embrace PAFC technologies. These include research in processing incoming fuels for fuel cells, development, manufacture and testing of portable, stand-alone small power systems (to about 10 kW), and perfecting electric utility/industrial-sized full stacks (at 100 kW/stack), the heart of a fuel cell power system. Major accomplishments this year have included delivery and subsequent successful operation of two 3 kW fully automatic PAFC units to the Army/Ft. Belvoir, and a 20 kW stack and reformer to DOE/Los Alamos. The 3 kW units are state-of-the-art equipment containing a fully-integrated microprocessor controller capable of remotely activated self-starting, shut-down and limited troubleshooting/fault isolation, a major milestone towards the mass-production of a consumer-oriented product. These powerplants meet or exceed contract requirements for efficiency and start-up time and represent the first successful demonstration of militarized fuel cell units for the military. Another significant advance in 1984 was to incorporate a water recovery subsystem, using formerly-rejected water vapor-laden thermal energy from the fuel cell stack. This, when fully implemented, will allow "neat" methanol, a pure fuel, to be the primary fuel source in place of the now specified "premix" methanol, a 52% methanol/48% water mixture. This change alone will extend the plant operating duration between refueling to about twice that now presently attained. This refinement also improves the operating efficiencies through reductions in rejected thermal energy and reuse of preheated water/steam in the methanol reforming function. In addition to processing methanol (and natural gas), ERC is researching other fuel processing methods to offer greater flexibility in fuel selection thus extending fuel cell power availability to a broader market.

ERC provides technical support to the Westinghouse Electric Corporation in their utility-directed program. We have built and operated up to 10 kW pressurized stacks that are between 5-10% of meeting Westinghouse powerplant design goals. Westinghouse, with ERC support, will build the full-scale 100 kW stacks. ERC has defined and successfully demonstrated the needed improvements to reach the design goal (690 MV @ 267 amp/ft^2) under the DOE/Westinghouse utility-directed program. Moreover, this performance is fully competitive with that achieved by other major fuel cell organizations at a fraction of the other program investment costs.

Molten Carbonate Fuel Cells (MCFC)

This fuel cell technology is the most efficient power generator conceived and should be available to our society shortly. Capable of serving markets needing 100 kW to hundreds of megawatts, the MCFC produces essentially no pollutants and reduces carbon dioxide emissions approximately 50% over conventional coal-steam powerplants. EPA reports that in 1980 stationary power systems produced 21.9 million tons of SO_2 and 13.3 million tons of NO_2. Fuel cell power, linked to modern coal gasification processes, can virtually eliminate these streams and dramatically improve the "acid rain" impacts associated with coal-fired systems (Figure 1).

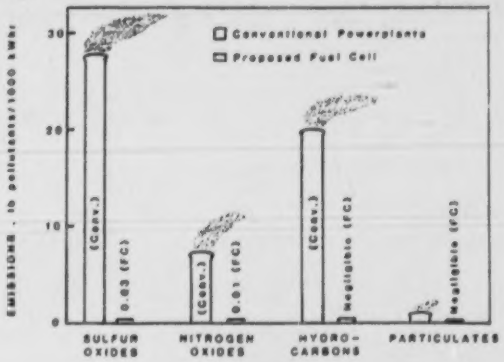


FIGURE 1
COMPARISON OF POLLUTANT EMISSIONS
FROM COAL-FIRED CONVENTIONAL
AND FUEL-CELL POWERPLANTS

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We are eager to make this claim a reality and applaud the creation of the Clean Coal Technology Program sponsored in part by members of this subcommittee as a mechanism to catalyze this potential. A new Congressional Research Service report, (85-523 SPR), "Fuel Cells for Electric Power Production: Future Potential, Federal Role and Policy Options", just published on January 17, 1985 is an excellent treatise on the technical and policy issues affecting these fuel cells. I am also pleased to note the report's recognition of the ERC Direct Fuel Cell potentials from among the current candidates in development.

At ERC, we have adopted several important design and technology philosophies very compatible with the Congress' definition of the appropriate Federal role (in this R&D), that of realizing a demonstrable working unit as soon as possible and affect a transfer then of the financial burdens to the private sector. A most important direction, was to establish ambient pressure operation as our baseline, with pressurized capability as an option that can be included later, if desirable. This decision simplifies the technical hurdles to concentrating on the thermally-imposed issues of cycling and sustained operation on the cell components. ERC has shown that very satisfactory performance and high efficiency are attainable at affordable projected total costs of approximately 900-1000 $/kW. A second direction, a clear ERC distinction in technology advancement, was to include the fuel processing function within the cell stack itself. ERC's Direct Fuel Cell (DFC) not only reforms methane, natural gas or methanol directly, internally, it has lower temperature gradients due to the synergism between the endothermic (heat demanding) reformation reaction, and the excess heat generated by the other cell chemical reactions. The resulting hardware embodiment is much simpler, requires less space and is more reliable as peripheral support systems hardware are minimized.

Because of the Direct Fuel Cell's ability to use methane, it is possible to develop more efficient coal gasifier/fuel cell combinations. The cell's feed gas mix can contain a mixed stream of hydrogen, carbon monoxide and methane. Thus lower amounts of oxygen are needed by the gasifier and no reforming of the methane outside the fuel cell is necessary. This important gasifier/fuel cell option has not yet been fully explored let alone optimized.

This past year, ERC accomplishments include:

- further endurance testing of DFC test cells to over 7000 hours with a electrochemical performance decay rate of 5 mV/1000 hours, about the same as the present, more fully developed PAFC systems.
- a breakthrough in solving the dissolution problem of the nickel-based cathode with substantially improved corrosion resistance, the first organization able to report this very significant step forward.
- dramatic reduction in the anode creep rate, a critical element in extending the life of multicell stacks.
- continued improvement in molten salt electrolyte management.
- improvement in the DFC anode compartment design to a flow-by configuration that lowers the cell internal resistance with no sacrifice in reforming activity .
- development of large size, dimensionally stable fuel electrode materials. All DFC components have been upscaled to 1 ft^2 or larger and are ready for the next step, stack assembly and test.

Largely because of the self-contained, highly integrated design, ERC projects that a 50-100 kW sized DFC on-site integrated energy system will be 40% less costly, occupy half the space (footprint) and be 50% more efficient than the current PAFC 40 kW units! It will be fueled by coal-gas, natural gas, methane, methanol, or any combination of these energy sources. Assuming continuation at the present rate of progress, and commensurate funding, this unit can be demonstrated in late 1988.

As a further sign of our confidence that the DFC prototype full stack will be ready in 1988, ERC has submitted a proposal to site and demonstrate a coal-gas fueled 5 MW DFC powerplant, in response to the Congressionally-mandated DOE solicitation for projects employing emerging clean coal technologies. It is ERC's intent to have this system in place and on-line in the 1991-1993 period; Pacific Gas and Electric Company, San Francisco is our utility partner in this project. Most importantly, this aggressive position assumes that the ERC 3-year stack development program funding from DOE and EPRI is sustained to continue scale-up to a full-sized cell and stack configuration already underway. Our EPRI-funded projects have also developed improved system configurations using commercially available balance-of-plant components in addition to first stack designs. Averaging approximately 25%, the private sector contribution is an early indication of confidence and interest in the DFC.

I am sorry to see the Administration's proposed FY 1986 budget for the MCFC program falling short of the needed levels once again. At ERC, much has been accomplished with the modest funds expended to date. While DOE has been required to prune budgets as part of the deficit-cutting goals, the DFC is at a crossroad, innocently ill-timed to this broad issue. In our testimony before this subcommittee last year, I presented a 3-year program plan with a request for DOE support totalling $12.5 million to reach the full stack test milestone by 1988 (FY 1987). Your continued support in FY 1986 and 1987 is crucial if we are to see this marvelous advance materialize. At that point, the nation will have a 60% efficient electric generator that is silent, with very low pollutant emissions and a projected fuel cell cost of 700 $/kW! With this achievement, I am confident that the private sector will largely assume the additional support to commercialize the system in the 1990's. ERC continues to try to attract other financial interests, however, completion of the basic building block, a full-scale stack, is a critical condition for any substantive support apart from government and other research funding agencies. Consistent with my statement of the total program need in last year's testimony. I ask the Subcommittee to consider a $4 million level in FY 86 to continue the direct fuel cell stack development efforts.

This is a very special project. We are proposing here not only the most efficient fossil fuel plant ever built, but also the most efficient that can be built based on the laws of thermodynamics. We almost have it. The nation (and the world) will realize significant benefits from its widespread use.

Nickel-Cadmium EV Batteries

ERC has been engaged in the development of advanced nickel alkaline batteries for fifteen years. In 1980, ERC was contracted by the Navy, to perfect a large nickel-cadmium battery for submarine use. It is intended to replace lead acid cells and provide twice the power stored for the same weight, and in 50% of the volume. Stemming from a unique patented approach to producing electrodes through a nonsintered, ambient temperature manufacturing process, we have completed the fabrication of the full scale (and world's largest) cell at 8000 ampere-hours this past year. This cell is exceeding all contractual requirements, based on recent characterization tests and earlier sub-scale cell designs. These cells are workhorses able to withstand very high discharge rates and rapid charges over a comparable life to lead acid batteries (>1000 cycles). The key features of this ERC technology are:

- twice the stored energy capability than lead acid batteries on a weight basis.
- 50% increase in energy density on a volume basis.
- rapid recharge rate.

With this success, it was apparent that other markets might benefit from this work. One spinoff has been a miner's cap lamp battery. At 2.4 lbs., it is almost half the weight of the lead-acid version it is to replace, a major improvement when you consider that the battery is worn on a belt for a full shift (8-10 hours)!

These characteristics have led ERC to propose Ni-Cds for electric vehicle (EV) applications. Though the current cell design is not optimized for EV use, ERC installed a battery set in one of our Executive cars and has been running this vehicle, gathering data and confidence, for almost a year in everyday commuting situations.

The Ni-Cd battery is not an ultimate EV battery, however, it appears to be the best nearer term option to lead in the introduction and transition to EV's. It's physical appearance and handling characteristics are much like present lead-acid cells, an advantage for market acceptance. It has a modest salvage value to assure a recycling procedure identical to present batteries, and conservation of a somewhat limited resource (cadmium). ERC is embarking on a cost-shared three-year program with DOE to optimize this technology for vehicle use. The effort will produce a battery and electrical "fuel gage" compatible with consumer expectations for a low (or no) maintenance battery, that will extend EV ranges to about 125 miles, at competitive costs on a life cycle basis. The Ni-Cd represents a "best" opportunity for providing a viable battery that will work and be capable of yet an additional 25-40% increase in performance through further technical refinements.

The program requires $2.5 million from DOE with private sector contributions expected to be approximately 40%. In FY 1985, Congress appropriated $0.5 million for the first year's activities. To complete this effort, I urge the Subcommittee (and Congress) to provide $1.0 million in each of the next two fiscal years (1986 and 1987). The long-standing Congressional concern for an electric vehicle capable of competing with gasoline-fueled units will finally be within reach. ERC analysis shows that this battery can compete in European markets now, where fuel prices are about twice that found in the U.S.

Summarizing, ERC is at the forefront in several emerging energy technologies for advanced batteries and fuel cells. The particular programs highlighted in my testimony, the Direct Fuel Cell and Nickel-Cadmium batteries for Electric Vehicles, can dramatically reduce demands for petroleum fuels in favor of added coal use while providing higher efficiencies and lower costs than alternative solutions. These programs are well-along towards completion of their respective R&D requirements. They enjoy substantial private sector interest and funding support, a primary requisite for Federal encouragements. That is, commercial interests are actively contributing their share and mechanisms for market introduction and acceptance is in place early in the R&D cycle. This does not mean the R&D job is done yet. Each of the programs I described have some finite work remaining that, without continued and adequate Federal support, will struggle at best, and more likely disappear. These projects have a history of positive and measurable successes, with potentials to dramatically change their respective markets and the nation's energy posture.

Thank you for this opportunity to present this statement.

STATEMENT OF VINCENT M. HALSALL, VICE PRESIDENT OF ENGINEERING, BATTERY DIVISION, JOHNSON CONTROLS, INC.

We believe there are some facts that must be understood by the members of this Subcommittee in consideration of authorizing FY 1986 funds for Department of Energy Conservation budget. Our comments specifically address funding needs of advanced lead-acid and zinc-bromine battery systems for electric vehicle applications.

As background, Johnson Controls through its Battery Division, is the largest U.S. manufacturer of automotive batteries. We have been a subcontractor to the Department of Energy (DOE) for battery development since 1976 and have also served as a subcontractor to several electric vehicle development programs.

WHY FEDERAL SUPPORT SHOULD GO TO OUR "BEST BETS" IN ELECTRIC VEHICLE BATTERY TECHNOLOGY - NOT JUST TO HIGH-RISK, UNPROVEN SYSTEMS.

-The U.S. goal should be to help develop electric vehicle technology so that it can be commercialized in the next five or ten years, not to spend another ten years looking for a so-called "perfect" battery system. The nation has already been disappointed by a series of technologies offering nothing but "promise." We know which systems can do the job, let's not let them flounder.

-Proponents of eliminating funding for battery systems promising near-term results assume that private industry will provide the capital needed to bring them to the point of commercialization. This is not true. Our development of advanced lead-acid and zinc-bromine batteries for electric vehicles will come to a virtual halt if funding by the DOE is discontinued. We are strong advocates of a future electric vehicle market and have made significant investments in battery development. But the near-term likelihood of a sizeable market is too remote for us - without Federal support - to expend the capital needed to complete development of these systems.

-The U.S. Government must support U.S. industry in efforts to establish a technology that will reduce our reliance on foreign energy sources. While the 1970s are behind us, uncertainties of oil supplies are not. Electric vehicles can make a significant difference in avoiding the potential paralysis of our transportation system. The battery is the critical component in making this a reality.

FUNDING IS NEEDED FOR THE SYSTEMS WHICH WILL MAKE ELECTRIC VEHICLES A REALITY -- LEAD-ACID

-Lead-acid is the only system currently powering existing electric vehicles and will be the system needed to furnish reliable power for commercial electric fleets. It is the foremost system for which significant progress - of more than a 60% improvement in energy density - has been demonstrated under DOE research programs. Its improving performance is a moving baseline against which unproven, high-risk "advanced" systems must be measured. It is the only system for which additional performance gains (of 30% to 40%) can be confidently predicted.

-Development of of the lead-acid battery is not complete. While testing of our advanced cells by DOE supported laboratories has shown positive results, a significant amount of investment is required to meet established energy density goals.

. . . AND ZINC-BROMINE

-The zinc-bromine battery is the only one of the so-called "advanced" systems considered for electric vehicles that is cost-effective both in terms of initial and life cycle costs, whose technical feasibility can be demonstrated, and which can claim significant progress in the past year.

-Federal funding is needed to continue this effort. Without it, the results of over 100,000 man hours of privately-funded research will be shelved.

IN SUMMARY

We believe that continued support by the DOE of electric vehicle battery systems is imperative to further the accomplishments of the past several years. To drop support of our best candidates for a viable electric vehicle battery would mean that the multi-million dollar investments of U.S. taxpayers and industry will have been a fruitless exercise.

Funding for long-term research is acceptable. But we need to fund the sure winners to ensure that electric vehicles play a meaningful role in ameliorating our petroleum dependency. Private industries, such as Johnson Controls, will not go it alone.

Thank you for giving these views your sincere consideration.

STATEMENT OF DR. PETER R. SOLOMON, CHAIRMAN, DIVISION OF FUEL CHEMISTRY, AMERICAN CHEMICAL SOCIETY

My name is Peter R. Solomon. I am Chairman of the Division of Fuel Chemistry of the American Chemical Society, and I appear before you today with the authorization of the Society's Board of Directors.

The American Chemical Society, a nonprofit scientific and educational organization with a membership of over 135,000 chemists and chemical engineers, is concerned about the diminishing government support of research in alternate fossil fuels at a time when continued progress in this area is essential to the long-term security, economic health, and environmental well-being of the United States. The ACS recommends that present government support for alternate fossil fuel research be substantially increased. The commitment of adequate and stable funding is necessary to support a "strategic fossil fuel scientific and engineering reserve," a minimum community of experts dedicated to building a strong U.S. high technology base for utilizing U.S. supplies of coal, oil shale, and tar sands. The existence of such a technology base is needed to expand the present use of these alternative fuels and thus extend the life of oil and gas supplies for premium usage. This technology base would serve to minimize the economic and environmental impacts of a transfer to these alternative fuels in the event of a foreign oil supply cut-off or the more gradual, but inevitable, decline in oil supplies.

While today's oil supplies appear to be plentiful, a recent report from the Office of Technology Assessment prepared for the Senate Foreign Relations Committee concluded that a disruption of foreign supplies "could still have significant consequences for the U.S. economy." The Annual Report of the American Petroleum Institute projects that even without a disruption of foreign supplies, oil shortages could develop within the next fifteen years if economic conditions continue to improve. The utilization of the vast U.S. reserves of coal, oil shale, and tar sands to provide liquid fuels, either by conversion to liquids or by an oil-substitution strategy, represents the best solution to reduced oil supplies for at least the next fifty years.

To utilize these resources properly, stable, continuous long-range R&D programs are needed to provide a sound, high technology foundation on which to select and implement the process alternatives in a cost effective and environmentally safe manner. Continued effort is badly needed on the basic chemical structures and reaction chemistry of coal, oil shale, tar sands, coal minerals, and polluting species (soot, SO_x, NO_x, polyaromatic hydrocarbons, etc.). Significant process improvements could also be made by advancing catalyst technology.

Unfortunately, the present abundance of oil, the duration of which is uncertain, has led to the dismantling of many alternative fossil fuel research efforts. The U.S. Department of Energy has cut its FY 1986 budget request for Fossil Energy to $243 million compared to $347 million appropriated in FY 1985. The budget line items that support long-range research have been reduced from $43.5 million appropriated in 1981 to $34.4 million requested for 1986. Similarly, major industrial organizations have cut back substantially on their research activities in alternative energy sources because, under the present circumstances, utilization of such efforts is perceived to be too far in the future. At the present levels of support, it will be difficult to maintain sound technical expertise and adequate training of new scientific and engineering talent in the technologies of coal, oil shale, and tar sands. Unless corrected, this situation will jeopardize the ability of the U.S. to respond effectively to another oil shortage.

It is indeed unfortunate that these cutbacks come at a time when the opportunities for advances have never been greater. The status of research on coal, oil shale, and tar sands today may be compared to that of biochemistry fifty years ago. In the case of biochemistry, the application of new scientific tools expanded the basic understanding of biological systems, eventually leading to the revolutionary technology of genetic engineering. Today new spectroscopic techniques, chemical procedures, and theoretical understanding are available to probe the structure and reactions of non-crystalline solids. New, in-situ diagnostic tools and computer modeling techniques are being advanced for accurate determination of process behavior. A great potential exists for rapidly developing new knowledge that could lead to revolutionary high technology processes for utilizing these solid feedstocks in an environmentally safe and cost effective manner.

The inevitable reliance on coal and other alternative fuels calls for the maintenance of a "strategic fossil fuel scientific and engineering reserve." The stable maintenance of such a "reserve," a minimum community of experts in fossil fuel science and application, will greatly improve the scientific and technological foundation needed to make implementation decisions, to design improved plants, and to train personnel. The motivation for maintaining such a "reserve" is based on considerations of national security, goals for the environment and the long-range economic health of our Nation, which are all federal government concerns. Given the drastic reduction in industrial R&D in the alternative fossil fuel area, the continued erosion in federal government support will have a significant negative impact.

To insure the maintenance of an adequate and stable R&D program in alternative fossil fuels research the ACS recommends that the FY 1986 Fossil Energy budget items for long-range research be increased from the requested $34.4 million to $70 million. These Fossil Energy budget items include direct utilization, materials, university coal research, coal liquefaction advanced research, and surface coal gasification advanced research. Also, the remainder of the fossil energy budget should be maintained at or above the FY 1985 levels to insure that the research results can be tested on an appropriate scale. It is further recommended that $2 million be added to the Chemical Sciences part of the Basic Energy Sciences budget proposal to be used for chemistry related to coal and other fossil fuels. This addition to the Chemical Sciences budget is part of the $22 million increase previously recommended by the American Chemical Society in its July 23, 1984 letter to then Secretary of Energy, Donald P. Hodel (copy attached). The recommended levels should be maintained in future years to provide stability in research efforts.

Furthermore, it is recommended that the budget for long-range fundamental research and development activities should not be transferred to more short-range special projects. Consideration should be given to utilizing the "Clean Coal Technology Reserve," recently set aside from the Synthetic Fuels Corporation to provide some of this needed funding. Finally, to insure that funding decisions are based on adequate input from the research community, it is recommended that a significant portion of funding be awarded on the basis of peer reviewed proposals.

The American Chemical Society appreciates the opportunity to express its views on this issue. The costs of these recommendations would be small compared to the potential benefits derived in helping to insure a stable, long-range energy supply in the U.S. and to reduce our vulnerability to the uncertainties in foreign oil supplies. The ACS looks forward to continued federal support for the important research that is being conducted in the alternate fossil fuels program.

July 23, 1984

The Honorable Donald P. Hodel
Secretary of Energy
U.S. Department of Energy
Forrestal Building, Rm. 7A-257
1000 Independence Ave.
Washington, D.C. 20585

Dear Secretary Hodel:

The American Chemical Society, a nonprofit scientific and educational organization with a membership of over 130,000 chemists and chemical engineers, would like to point out the significance of chemistry to a healthy U.S. economy. Chemistry accounted for $175 billion of the gross national product in 1982, and also made a $12-billion positive contribution to our trade balance.

We note that in recent years the research-supporting part of the Chemical Sciences budget has not kept pace with opportunities inherent in today's progress in chemical understanding. Therefore, the Society urges that, as a step in the direction of making better use of advanced, energy-related opportunities in the Chemical Sciences, the Department of Energy increase by 25% the total of funds sought for operating and capital equipment in its FY 1986 budget request. This $22-million increase should be designated to support research in chemical catalysis and understanding chemical reactivity. A large fraction of the increase, up to one-half, should be used to obtain the advanced instrumentation that is essential to the most meaningful research.

In the generation of energy, chemistry plays vital roles now and offers some excellent opportunities for cost-effective future advances. A few examples underscore this point.

Catalytic manipulation of petroleum fractions now allows adjustment of product mix to market conditions. Scientists and engineers engaged in basic and applied research have begun to open new doors to catalytic, step-wise conversion of coal into fuels like methanol and gasoline.

Basic research using advanced instrumentation has begun to throw light onto the fast and complex chemistry of combustion. Such developments raise the hope and expectation that an understanding of the underlying phenomena will allow tailoring of fuels and combustion conditions to one another for best efficiency of fuel use and the least generation of pollutants (e.g., soot).

Chemical scientists involved in basic research using advanced instruments are slowly penetrating the subtle chemical geometries and reactions whereby chlorophyll gathers sunlight and uses its energy to split water in the early steps of photosynthesis. The field of photoelectrochemical production of hydrogen is one that has experienced significant progress over the past few years. Basic feasibility studies indicate that the area could have real promise with respect to DOE objectives. It is likely that we shall see substantial progress in this area in which intense activity is occurring among some very talented scientists, both in industry and within universities.

The modern instrumentation that makes possible this kind of progress in energy-related understanding is based on sophisticated techniques and, is more expensive than the chemist's tools of only a decade ago. Typical of the new techniques are: picosecond spectroscopy, spin-echo electron spin resonance, photoelectron spectroscopy, and Fourier-transform spectrometry--as well as the use of lasers, molecular beams, and computer-based experimental control and data analysis. These and other advanced techniques can provide exciting new insights into chemical phenomena, which will inevitably lead to further advances in energy technology.

The ACS is in agreement with the panel members of the National Academy of Sciences who have identified three areas of chemistry having the greatest promise, two of them intimately related to energy. These two areas--understanding chemical reactivity and chemical catalysis--have much to offer for energy security, a healthier energy marketplace, international trade competitiveness, and future U.S. needs.

Sincerely yours,

Warren D. Niederhauser

Warren D. Niederhauser

STATEMENT OF FRANK C. SCHORA, PRESIDENT, HYCRUDE CORP.

This testimony pertains to the Department of Energy's non-nuclear R&D appropriations for fiscal year 1986. HYCRUDE Corporation supports a $9.0 million program for eastern oil shale R&D in fiscal year 1986 consisting of:

- $3.0 million for fundamental research
- $4.0 million for advanced research
- $2.0 million for environmental studies

My name is Frank C. Schora. I am President of the HYCRUDE Corporation, which was formed in 1980 to further research and development efforts for the production of synthetic crude oil from Eastern U. S. oil shales.

One year ago, I testified before this subcommittee to recommend establishment of a research program for the production of synthetic fuels from the oil shales located in the Eastern United States. This subcommittee played a vital role in the establishment of an Eastern oil shale research program for fiscal year 1985. I am grateful for this opportunity to reaffirm the benefits of this program and to emphasize the need to continue this program in fiscal year 1986.

A reliable source of crude oil is vital to National security; not just for defense purposes, but for the fueling of domestic activities upon which our economy depends. The private sector has contributed heavily in the past to research and development of alternative energy sources, including Eastern oil shale. Several promising technologies are at varying stages of technical maturity as a result of those efforts. However, private sector energy research is at a low level today due to the recent drop in world oil prices and uncertainties of future pricing. Because the price of oil depends on political, as well as supply-demand forces, the burden of responsibility for the development of alternate energy sources must not fall entirely on the private sector. The time frame for realizing economic benefit from synfuels development for a corporation in most instances is so uncertain that it cannot be reasonably estimated.

This uncertainty fosters an atmosphere that is not presently conducive to the private sector support of the research and development of new alternate energy technologies and/or improvements to existing technologies.In light of the great risks involved for the Nation's security and economic well being if these technologies are not developed and improved, it is the responsibility of the government sector to maintain continuous support to synfuels research and development. This will ensure technological advancement especially during times when private industry cannot justify such R&D to stockholders.

The oil shales of the Eastern United States have established recognition as a major potential source of synthetic fuels. The central location of these oil shale deposits in close proximity to oil refining capacity, distribution networks, end markets and skilled labor force, provide strong incentive for the development of Eastern oil shale. The states of Alabama, Indiana, Kentucky, Michigan, Ohio and Tennessee contain the richest deposits of Devonian oil shales in the Eastern United States. Readily accessible deposits in these states will enable significant oil production for an extended period of time. Additionally, leaner deposits in such states as West Virginia, New York, Illinois, and Pennsylvania may become commercially feasible by application of new technology such as a combination of beneficiation and moving-bed hydroretorting, which will substantially increase oil yields.

Eastern oil shales do not have much in common with their counterpart in the Western U. S., either geologically or chemically. Mining and processing techniques necessary to utilize each of the resources most efficiently are significantly different. Eastern oil shales do not respond favorably to the conventional retorting processes used for Western oil shales. It is therefore important to conduct research to develop retorting technologies specifically for Eastern oil shale and to improve existing Eastern shale retorting technologies.

A consistent program is necessary to ensure the continuing technological advancement of new and existing technologies which are effective for processing Eastern shale in an evironmentally sound manner. In order to achieve these goals, the Eastern shale research program should include fundamental research, advanced research and environmental studies.

The inclusion of fundamental research projects in the program will ensure innovation of new process concepts designed for full utilization of Eastern oil shales. A funding level of $3.0 million in fiscal year 1986 is necessary to continue fundamental research efforts. Of this amount, HYCRUDE Corporation recommends $1.50 million to continue research activities utilizing existing equipment to improve oil shale utilization, oil yield and process efficiency for moving-bed hydroretorting and $0.75 million to continue oil shale beneficiation studies.

HYCRUDE Corporation recommends that $4.0 million be allocated for advanced research efforts in fiscal year 1986. Of that amount, $1.5 million should be allocated to continue expansion of the moving-bed hydroretorting data base.

A funding level of $2.0 million is necessary to conduct environmental studies to keep up with the advances being made in process development. Of this amount, HYCRUDE Corporation recommends $0.75 million to investigate the environmental implications of moving-bed hydroretorting and $0.50 million to investigate selective removal of sulfur from raw shale as an internal part of beneficiation.

Thank you for this opportunity to present my views to you today. I will be happy to answer any questions you may have.

STATEMENT OF ELLIS K. FIELDS, PRESIDENT, AMERICAN CHEMICAL SOCIETY

The American Chemical Society, a nonprofit scientific and educational organization with a membership of over 135,000 chemists and chemical engineers, is concerned about the diminishing government support of research in alternate fossil fuels at a time when continued progress in this area is essential to the long-term security, economic health, and environmental well-being of the United States. The ACS recommends that present government support for alternate fossil fuel research be substantially increased. The commitment of adequate and stable funding is necessary to support a "strategic fossil-fuel scientific and engineering reserve," a minimum community of experts dedicated to building a strong U.S. high technology base for utilizing U.S. supplies of coal, oil shale, and tar sands. The existence of such a technology base is needed to expand the present use of these alternative fuels and thus extend the life of oil and gas supplies for premium usage. This technology base would serve to minimize the economic and environmental impacts of a transfer to these alternative fuels in the event of a foreign oil supply cut-off or the more gradual, but inevitable, decline in oil supplies.

While today's oil supplies appear to be plentiful, a recent report from the Office of Technology Assessment prepared for the Senate Foreign Relations Committee concluded that a disruption of foreign supplies "could still have significant consequences for the U.S. economy." The Annual Report of the American Petroleum Institute projects that even without a disruption of foreign supplies, oil shortages could develop within the next fifteen years if economic conditions continue to improve. The utilization of the vast U.S. reserves of coal, oil shale, and tar sands to provide liquid fuels, either by conversion to liquids or by an oil-substitution strategy, represents the best solution to reduced oil supplies for at least the next fifty years.

To utilize these resources properly, stable, continuous long-range R&D programs are needed to provide a sound, high technology foundation on which to select and implement the process alternatives in a cost effective and environmentally safe manner. Continued effort is badly needed on the basic chemical structures and reaction chemistry of coal, oil shale, tar sands, coal minerals, and polluting species (soot, SO_x, NO_x, polyaromatic hydrocarbons, etc.). Significant process improvements could also be made by advancing catalyst technology.

Unfortunately, the present abundance of oil, the duration of which is uncertain, has led to the dismantling of many alternative fossil fuel research efforts. The U.S. Department of Energy has cut its FY 1986 budget request for Fossil Energy to $243 million compared to $347 million appropriated in FY 1985. The budget line items that support long-range research have been reduced from $43.5 million appropriated in 1981 to $34.4 million requested for 1986. Similarly, major industrial organizations have cut back substantially on their research activities in alternative energy sources because, under the present circumstances, utilization of such efforts is perceived to be too far in the future. At the present levels of support, it will be difficult to maintain sound technical expertise and adequate training of new scientific and engineering talent in the technologies of coal, oil shale, and tar sands. Unless corrected, this situation will jeopardize the ability of the U.S. to respond effectively to another oil shortage.

It is indeed unfortunate that these cutbacks come at a time when the opportunities for advances have never been greater. The status of research on coal, oil shale, and tar sands today may be compared to that of biochemistry fifty years ago. In the case of biochemistry, the application of new scientific tools expanded the basic understanding of biological systems, eventually leading to the revolutionary technology of genetic engineering. Today new spectroscopic techniques, chemical procedures, and theoretical understanding are available to probe the structure and reactions of non-crystalline solids. New, in-situ diagnostic tools and computer modeling techniques are being advanced for accurate determination of process behavior. A great potential exists for rapidly developing new knowledge that could lead to revolutionary high technology processes for utilizing these solid feedstocks in an environmentally safe and cost effective manner.

The inevitable reliance on coal and other alternative fuels calls for the maintenance of a "strategic fossil fuel scientific and engineering reserve." The stable maintenance of such a "reserve," a minimum community of experts in fossil fuel science and application, will greatly improve the scientific and technological foundation needed to make implementation decisions, to design improved plants, and to train personnel. The motivation for maintaining such a "reserve" is based on considerations of national security, goals for the environment and the long-range economic health of our Nation, which are all federal government concerns. Given the drastic reduction in industrial R&D in the alternative fossil fuel area, the continued erosion in federal government support will have a significant negative impact.

To insure the maintenance of an adequate and stable R&D program in alternative fossil fuels research the ACS recommends that the FY 1986 Fossil Energy budget items for long-range research be increased from the requested $34.4 million to $70 million. These Fossil Energy budget items include direct utilization, materials, university coal research, coal liquefaction advanced research, and surface coal gasification advanced research. Also, the remainder of the fossil energy budget should be maintained at or above the FY 1985 levels to insure that the research results can be tested on an appropriate scale. It is further recommended that $2 million be added to the Chemical Sciences part of the Basic Energy Sciences budget proposal to be used for chemistry related to coal and other fossil fuels. This addition to the Chemical Sciences budget is part of the $22 million increase previously recommended by the American Chemical Society in its July 23, 1984 letter to then Secretary of Energy, Donald P. Hodel (copy attached). The recommended levels should be maintained in future years to provide stability in research efforts.

Furthermore, it is recommended that the budget for long-range fundamental research and development activities should not be transferred to more short-range special projects. Consideration should be given to utilizing the "Clean Coal Technology Reserve," recently set aside from the Synthetic Fuels Corporation to provide some of this needed funding. Finally, to insure that funding decisions are based on adequate input from the research community, it is recommended that a significant portion of funding be awarded on the basis of peer reviewed proposals.

The American Chemical Society appreciates the opportunity to express its views on this issue. The costs of these recommendations would be small compared to the potential benefits derived in helping to insure a stable, long-range energy supply in the U.S. and to reduce our vulnerability to the uncertainties in foreign oil supplies. The ACS looks forward to continued federal support for the important research that is being conducted in the alternate fossil fuels program.

STATEMENT OF THE MINING AND INDUSTRIAL FUEL GAS GROUP

The MIFGa group consists of both government and private sector companies jointly pursuing the common goals for industrial coal gasification delineated below:

(1) Generation of a valid scientific/engineering coal gasification data base.
(2) Demonstrated testing of U.S. coal resources, materials, components, and instruments.
(3) Establish the building blocks of coal's thermochemical reaction mechanics and rates.
(4) Expanded coal utilization in the U.S. industrial market.
(5) Enhanced technological and operating performance data base.
(6) Reduced capital and operating costs with gasification system reliability and safety.
(7) Data base compilation and technology transfer.

This highly cost-shared program has directly involved the following government and private sector organizations, working together to accomplish the above stated objectives.

U.S. Bureau of Mines
U.S. Department of Energy
U.S. Environmental Protection Agency
Minnesota Department of Natural Resources

Allis Chalmers
American Natural Resources
Amerigas
Bechtel, Inc.
Black, Sivalls & Bryson, Incorporated
Cleveland-Cliffs Iron Company
Davy McKee Corporation
Dravo Corporation
Electric Power Research Institute
Erie Mining
Foster Wheeler Synfuels
Hanna Mining Company
Inland Steel
Inter-City Gas Corporation
Kohler Company
Mansfield Carbon
Meridian Land & Minerals (M&M)
Northern Natural Gas
Peoples Natural Gas/Div. Northern Natural Gas
Pickands Mather & Company (Erie Mining)
Reserve Mining Company
Riley Stocker Corporation
Rocky Mountain Energy
Stone & Webster Engineering
U.S. Steel Corporation
Western Energy Company
Weyerhaeuser Company
3-M Corporation

In 1981, the U.S. B.O.M. and D.O.E. jointly prepared a program scope which delineated a planned 5-year program for the pursuit of the above stated goals. Gasification test results to date are currently being entered into the U.S. D.O.E. data base. To complete this effort, the program must be continued through 1986. By completing the coal testing and gas clean-up test matrix, industrial energy users will be able to select the optimum coal based gasification system for their uses.

The explicit goals of the MIFGA program are as follows:

1. To develop a strong scientific and engineering data base for fixed-bed gasifiers.
2. To expand the state of the art for the surface coal gasification options, specifically fixed beds in this case, that can use the entire range of U.S. coals.
3. Establish and contribute to a data base on fixed-bed gasification waste effluents as generated from a wide variety of fuels.
4. Establish a data base that is essential for the reduction of capital and operating costs by minimizing overdesign and improving components, materials of construction, and overall reliability.
5. Promote technology transfer between Government and industry to allow the data base established by the Federal Government to aid industry in the expeditious deployment of fixed-bed gasification technology.

What is the practical, potential market for low-Btu gas? (The following answers are taken from a DOE study titled "Low-Btu Gas, Industrial applications Analysis," by Systems Consultants, Inc., 1978.) This study only included industrial applications with requirements of 7 billion Btu/day or more and did not include potential utility applications. The conclusions are as follows:

1. Low-Btu gas could be substituted for:
   - 27 percent of all industrial energy requirements
   - 44 percent of current industrial heat and process steam requirements
   - 31 percent of current industrial natural gas consumption
   - 14 percent of total natural gas consumption
2. Eighty (80) percent of the total potential substitution would take place in the chemical, primary metal, and petroleum industries.
3. Twenty (20) percent of the total potential substitution would take place in other industries including paper, stone, clay and glass, food processing, and others.
4. There are currently (1978) 553 industrial plants which consumes over 7 billion (10^9) Btu/day in which low-Btu gas could be substituted.
5. There is strong interest by utilities in the application of low-Btu gasification. This is in the form of combined-cycle operations and fuel cells. Allis Chalmers (and 11 utilities) estimates that preceded the construction of the 600 TPD "Kilngas" process indicated that there was a 5 to 20 percent cost advantage of this process over conventional coal-fired plants which stack gas cleanup. (1000 MW plant with 2-500 MW gasification trains, combined-cycle power generation facility.)

   Source -- Allis Chalmers Basic Engineering Program, Final Report, Phase II, October 1979.

6. EPRI has recently completed several studies which are based on small (20 to 50 MW) modular electric generation stations using low Btu gas as a fuel source for "fuel cells." The MIFGA program has and will continue to support this concept being studied by EPRI and specific utilities. MIFGA is and continues to be a site where hard data can be generated to support these EPRI studies.

Is low-Btu gasification state of the art?

There is a misconception that first-generation, low- Btu gasifiers are state of the art. Many perceive that because there were thousands of these units produced and sold that they are now considered off-the-shelf items, essentially without the need of further refinement. This is not true because of the following facts:

- The basic gasifier design goes back to the 1910-1940 era and are unchanged to this day.
- The fuels used were closely sized and limited to either coke, noncaking or weakly caking coals in the U. S., and to very select coal sizes and types or briquettes in Europe and Africa.
- Environmental controls and health and safety standards were nonexistent prior to the late 1960's.
- Automation was crude or nonexistent.
- Instruments were crude and unreliable.
- End users were pretty well limited to these applications (except for town gas) where the gas could be utilized hot and dirty.

There is essentially no data base in existence for:

- Various fuels and their relationship to capacity and operating parameters.
- Comparative designs on a wide variety of fuels.
- Gas combustion characteristics and optimized equipment.
- Gas cleanup systems, both wet and dry, organic and inorganic.
- Environmental controls, optimized waste disposal.
- Health and safety monitoring except for the very recent DOE effort with ORO.
- Materials of construction.
- Instruments and controls leading to total automation.
- Components, valves, bed level controls, grate optimization, particulate separation, rabble arms, coal feed systems, etc.
- In-bed kinetics, pressures, temperatures, gas velocities, and other factors.
- Capital and operating costs relative to fuels in use.

In short, the MIFGA charter is to identify the data base gaps, design the tests to fill these gaps with the various fuels under test, conduct the tests in the most cost-effective manner, and then transfer this technology to the private sector in the most expeditious manner. In addition, the MIFGA program provides hands-on operational experience for any company desiring to train operators and it provides an open forum where both the vendor and buyer can openly discuss the problems and answers about anything pertaining to this form of gasification.

Recently the MIFGA program established a computerized data acquisition system which permits rapid data acquisition manipulation and storage. The system has been ascertained to be compatible with the METC data base.

The program has been jointly funded by industry and government on a cost-shared basis. The following tabulation summarizes the historical cost-shared nature of the MIFGA program:

DOE	4.0 MM$	33.6 %
BOM	4.2 MM$	35.3 %
EPA/EPRI	0.5 MM$	4.2 %
MIFGA (Private Sector)	3.2 MM$	26.9 %
	--------	-------
	11.9 MM$	100.0 %

Completing Phase I of the program in 1985 will require the following support from the federal government which will augment the MIFGA group's efforts and contributions:

FY 1985 0.75 MM$

If the program is to extend beyond Phase I, which will be completed in 1985, then the support will be derived from the Congressional Clean Coal Technologies initiative. A "Statement of Interest" has been submitted to the U.S. Department of Energy.

By completing this highly productive program, U.S. industry will be able to make accurate decisions regarding the use of their locally available coal when the economics dictate. Use of natural gas, a premium U.S. fuel resource for steam raising and process heating requirements should not continue indefinitely. Industrial applied coal gasification systems can be established as a viable and economical fuel source, through the successful completion of this program.

STATEMENT OF DR. CHARLES J. MANKIN, STATE GEOLOGIST, STATE OF OKLAHOMA

America is going out of the oil-production business. Despite two major price increases, domestic production (excluding Alaska) has declined steadily for 15 years, creating a vulnerability to import interruptions and contributing to our negative trade balances. The rising prices, however, served to mask the production decline economically, even creating a temporary "boom," in 1979-81. Since then, however, both prices and production have been in decline. The resulting severe economic dislocation and unemployment in many of the major oil-producing states has created major hardships on families and companies and has necessitated emergency tax increases and reductions in services to maintain state budget integrity. Federal royalties and taxes, likewise, have decreased, contributing to the current deficit.

We may be going out of the oil-producing business, but we are not out of oil. Not at all. In fact, twice as much oil will remain unproduced in known U.S. reservoirs than we have produced or can hope to produce using conventional technology. That amounts to more than 300 billion barrels expected to be left in the ground — about 100 times current annual production. This "residual" oil is trapped or by-passed by conventional recovery techniques in use today.

Sophisticated new technologies, collectively called enhanced oil recovery (EOR), hold the promise of making an important portion of this residual oil producible. If we could increase our recovery efficiency from the current average of 34 percent by just one percent -- to 35 percent -- we would be richer by almost 5 billion barrels, about two years of Lower-48 production. An increase of six percent -- to 40 percent overall -- would yield nearly 30 billion barrels, more than our currently proved reserves. A recent, in-depth study by the National Petroleum Council has shown improvements in this range are highly feasible. Such production could significantly improve our energy security, trade balances, the domestic economy, and the treasuries of the producing states and the federal government.

These technologies, however, are currently very costly and unpredictable. The resulting high risks make them less attractive to industry than other investment options. Highly focused research and development would improve performance and lower costs and risks. Industry, of course, will provide the major portion of the needed R&D when economic and competitive conditions so justify. This may take many years -- during which time the producing states' problems can only get worse. An important facet of this R&D, however, is necessarily provided by the public sector: this is the portion that addresses distinctively public issues and will require coordinated state-federal actions to bring it about.

I am here to express the vital interests of the producing states in seeing that an appropriate level of publicly oriented R&D funding for enhanced oil recovery is authorized and appropriated.

Economic Impact of Declining Oil Production

Oil production from the contiguous United States has declined 25% over the past decade; the decline has been severe in the major, mature producing states (Figures 1 and 2).

Consider the following statistics for a moment:

OIL PRODUCTION DECLINE (1972-1982)

Louisiana	down 49%	Illinois	down 21%
Mississippi	down 46	Nebraska	down 21
New Mexico	down 36	Utah	down 16
Texas	down 29	Wyoming	down 16
Oklahoma	down 24	Montana	down 9

All major producing states except California (assisted by thermal enhanced oil recovery) and Alaska (supported by the largest and one of the newest fields in the Western Hemisphere) have suffered significant production declines over the past decade. Even where production has not yet declined,

STATEMENT OF THE NATIONAL ASSOCIATION OF REGULATORY UTILITY COMMISSIONERS

I. Introduction

This statement is submitted for the record to the Subcommittee on Interior of the Senate Committee on Appropriations on behalf of the National Association of Regulatory Utility Commissioners, commonly referred to as the NARUC.

The NARUC is a quasi-governmental, nonprofit organization founded in 1889. Within our membership are the governmental agencies of the fifty States and the District of Columbia, Puerto Rico and the Virgin Islands engaged in the regulation of utilities and carriers. Our chief objective is to serve the public interest by seeking to improve the quality and effectiveness of government regulation.

The members of the NARUC greatly appreciate the opportunity to present our views on appropriations for the Department of Energy (DOE) Weatherization Assistance Program. The Weatherization Assistance Program is administered under DOE's Conservation Grants Program. The program is an energy conservation program that provides Federal funds to State and local governments, community action agencies, and nonprofit organizations to be used for the provision of labor and materials required to make the dwellings of low income persons energy efficient. Unfortunately, funding for this program has been insufficient in the past and the budget request for fiscal year (FY) 1986 once again fails to meet the programs needs.

In FY 1983, $245 million was appropriated for the weatherization program. The funding dropped to $190 million in FY 1984 and funding for FY 1985 showed only a slight increase at $191,113,000. Unfortunately, the budget request for FY 1986 is down approximately 20 percent to $152.9 million. The DOE estimates that the $152.9 million request will weatherize approximately 148,000 homes. However, last year it was estimated that 13 million homes were eligible and in need of weatherization assistance.

The Catch-22 problem is that those individuals most in need of weatherization are the ones least able to afford such measures. Low-income and elderly families and individuals living in older, energy-inefficient homes have an economic necessity for reducing their home energy costs; yet, these same people cannot afford the initial expense involved in making their homes more energy efficient because they are burdened with high fuel bills every year due to homes which are energy-inefficient. The cycle continues every year as low-income households continue to spend a larger proportion of their income on energy needs than any other income group.

Another assistance program for low income individuals is the Low Income Home Energy Assistance Program (LIHEAP) administered by the Department of Health and Human Services, which is targeted towards relieving the burden of high utility bills. Currently, the weatherization program is funded at approximately one-tenth of what the LIHEAP receives. While the NARUC strongly supports funding for the LIHEAP, we believe that increasing funding for the weatherization program will serve the long-term goals of decreasing the demand for energy by making permanent energy improvements in households and eventually reduce the amount of Federal assistance needed to meet home energy costs.

Finally, we would like to address the DOE's plan to phase out Federal support for the Weatherization Assistance Program by 1990 and to finance the program, until it is phased out, from monies recovered by the U.S. Government from petroleum pricing and allocation violations under the Emergency Petroleum Allocation Act of 1973, as amended. This Petroleum Overcharge Fund would consist of money available from overcharged petroleum customers who could not be identified and repaid. It does not make sense to terminate Federal funding of a cost-effective program which contributes to the nation becoming more energy independent and consequently helps to reduce the deficit.

Further, it does not seem equitable that the Overcharge Fund would be used to fund the weatherization program as a substitute for money that would otherwise be appropriated by Congress from general revenues. Removing the Weatherization Assistance Program from the normal budget process and allowing the program's future to be contingent upon overcharge funds whose future amount and availability is undetermined is to renege on this nation's commitments to energy conservation and to assisting those who can least afford the cost of heating or cooling a home. If the Overcharge Fund is used as a funding source, then it should supplement, not supplant Congressional appropriations.

We respectfully urge the members of the Subcommittee to appropriate $500 million to fund the DOE's Weatherization Assistance Program.

STATEMENT OF DR. L.R. LAWRENCE, JR., DIRECTOR, TECHNICAL DEVELOPMENT AND BRUCE GOLDWATER, GENERAL MANAGER, STIRLING ENGINE SYSTEMS DIVISION, MECHANICAL TECHNOLOGY INC.

Mr. Chairman and members of the Subcommittee: Mechanical Technology Incorporated is the prime contractor on the Automotive Stirling Engine program. MTI is a high-technology corporation employing approximately 800 people, mostly in New York and California. The Stirling Engine Systems Division is located near Albany, New York, and has subcontractors throughout the United States.

We are here today to discuss the results, to date, in the Automotive Stirling Engine program, and to request an appropriation of $16 million to continue this effort in Fiscal Year 1986. This will be the last year full funding is requested, since Fiscal Year 1987 will be a year of final testing, report writing, and substantially increased participation from industry and other sources. With a Fiscal Year 1986 appropriation of $16 million, the Fiscal Year 1987 total, including cost share, will be $12 million, of which a significant amount should come from sources other than this government program.

The enabling legislation for this program, PL95-238, and the resulting contract set a series of goals for the Stirling engine development program as follows:

1. 30% improvement in fuel economy over a comparable production engine
2. Operation within projected 1985 emissions standards ($NO_x < 0.4$, $HC < 0.41$, and $CO < 3.4$ g/mi and particulates < 0.2 g/mi);
3. Interchangeable operation on a variety of liquid fuels;
4. Reliability and life expectancy comparable to commercial engines;
5. Initial cost and life-cycle cost competitive with conventional engines;
6. Acceleration suitable for safety and consumer considerations;
7. Noise and safety characteristics meeting the 1984 federal standards.

In order to meet these goals, the contract was structured with two engine designs and a major effort in technology development.

When the contract began in late 1978, no one, including major automotive companies, had ever successfully integrated an engine based on the Stirling principle into a drivable automobile. Earlier efforts had tried, and failed, so that the challenge of this program was substantial. To begin the program, MTI paid over $1 million in licensing fees to a Swedish firm to access the state of the art in Stirling engine technology and invested an even greater amount in engine test and development facilities. A Mod I engine was designed and built, based on the Swedish technology and design codes, and was integrated into static and transient test beds for operating experience. An upgraded Mod I engine completed a highly successful one-month test sequence this summer at General Motors Corporation in Detroit. The engine was integrated into an AMC Spirit, and some of the test results are indicated in Figure 1. For a month (1082 miles), the engine and vehicle were subjected to typical new car dynamometer, wind tunnel, and track tests. Based on these tests and improvements since then, our 3250-lb test vehicle now averages 30 mpg, has a 0-60 acceleration of 17 seconds, and is within the 1985 emissions standards.

While initial successes were happening with the Swedish-based Mod I, a major American technology development program was under way. The purpose of this was to transfer the lead in this technology to the United States by superceding the European technology and patent base, designing and developing a Mod II engine based on the American technology, and meeting the contractual and legislative goals of the program with this Mod II engine. In this way, the United States could gain international leadership in the technology and apply it to many energy conversion markets; not just automotive propulsion.

The potential impact of a successful Stirling engine product mix has not been lost on the Japanese. Many of the applications envisioned by them are shown in Figure 2. As part of a major, multifaceted effort, they have committed over $40 million in government money and have approximately eight industrial firms involved. In a related development, the Chinese have over 400 engineers working on Stirling engines for future Chinese products.

Thanks to the tenacity of this Subcommittee over the years, and the outstanding results produced by our engineers on the program, I am happy to report that we fully expect to achieve all the legislative and contractual goals of the program with the Mod II engine, thereby retaining the international lead in Stirling engine technology and capability. In concert with the instructions in the Continuing Resolution, Mod II engine parts are being fabricated and final detailed designs of some components are being completed. The first Mod II engine is due to be assembled and testing started in the first quarter of Fiscal Year 1986 (fall of 1985). Its design is such that its applicability is far greater than just automotive.

Mr. Chairman, during the course of this program, we have gained a great deal of respect for the automotive companies in the United States. It is an extremely difficult job to commercialize a new, innovative engine in the automotive marketplace, because the customer, the American public, is used to an easily operable, very reliable powerplant, and people are unwilling to put up with the vagaries involved with new engine concepts. As a result, over the past 15 to 20 years, we have seen Chrysler attempt to introduce turbine-driven automobiles; Ford try to commercialize the Proco engine; and General Motors endeavor to implement the rotary Wankel, the Cadillac 8-6-4, and their automotive diesel. In all of these cases, early operating uncertainties have driven these options from the marketplace. Therefore, more and more we see American automotive companies purchasing new engine options overseas, after they have been proven in foreign markets, rather than attempting to innovate in the United States marketplace. The first place to introduce an innovative engine, then, is clearly not in the American automotive marketplace.

How, then, can MTI expect to be successful in getting Stirling engines into American automobiles so that the nation can reap the attendant benefits?

The answer lies in being technically successful in achieving the goals of the program, followed by introducing the engines in smaller, less visible, more forgiving markets where early operating problems can be dealt with and corrected without negatively arousing the entire American public. After being successful in these smaller markets, and thereby demonstrating the needed characteristics of ease of operation, reliability, and durability, the automotive marketplace should be more receptive, and the chances of a successful introduction there will be greatly increased.

The MTI Automotive Stirling Program is structured in the best possible manner to achieve this kind of success:

- The design of the Mod II is close to current automotive practice, but usable in a variety of applications.
- Major components of Mod II engines are being built in modern engine manufacturing facilities owned by John Deere.
- Strong market interest is being shown for irrigation pumps, Army generator sets, Navy specialized submarines, Air Force ground propulsion, farm equipment, and other small, specialized markets. These are excellent markets for first introduction.
- Automotive industry involvement is present, and growing. General Motors has conducted an extensive test series on the Mod I, and is expected to continue with testing of improved Mod I versions as well as Mod IIs.

As this Subcommittee and MTI both recognize, industry involvement is key to any commercial success. In the present internationally competitive environment, United States companies have little incentive to invest in long-term engine options. As a result, we saw little interest in Stirling engines until Mod I engines were available and performing well. Today, we have a variety of potential industrial manufacturers showing an interest in Stirling engines, and should the Mod II be the success we envision, substantial industrial involvement should occur. However, experience shows that we must have operating hardware before we can expect industrial involvement. Table 1 shows our present estimated level of private sector participation, and Figure 3 indicates how this fits into the overall strategy of automotive implementation.

In addition, all three services of the Department of Defense are now showing an interest in the program. Although just beginning, all three services have requested engines for testing and evaluation and are working with NASA to achieve this.

It should be noted that, based on successful commercialization, the Stirling engine contract provides for a payback to the government of 2-1/4 times the total cost of this program. Therefore, the government stands to receive $225 million as Stirling products are introduced and their markets grow.

In Fiscal Year 1986, Mr. Chairman, the program will require an appropriation of $16 million to:

1. Assemble, test, and develop Mod II engines
2. Continue the Mod II fabrication effort
3. Continue development of the Stirling technology base
4. Complete technology transfer to the United States
5. Continue to increase American industrial involvement
6. Provide $3 million to NASA/DOE for supporting efforts.

Our program manager, NASA, continues to rate this program as outstanding in all respects; the highest possible rating. I quote from a letter of September 14, 1984, signed by the Director of the NASA-Lewis Laboratory, and directed to Bruce Goldwater, General Manager of the Stirling Engine Systems Division at MTI:

> "In summary, we rate your performance for this six-month period outstanding. You should be proud of your continued high marks, just as we are very pleased to have you as a part of the NASA team."

Mr. Chairman, we thank you for the opportunity to present our case to this Subcommittee, and we greatly appreciate your continuing support.

COMPARISON OF MOD I PERFORMANCE WITH COMMERCIAL ENGINES

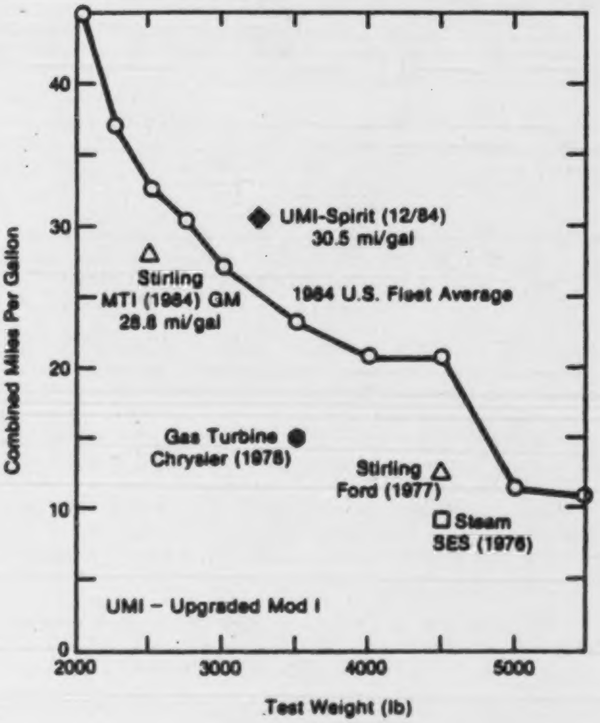
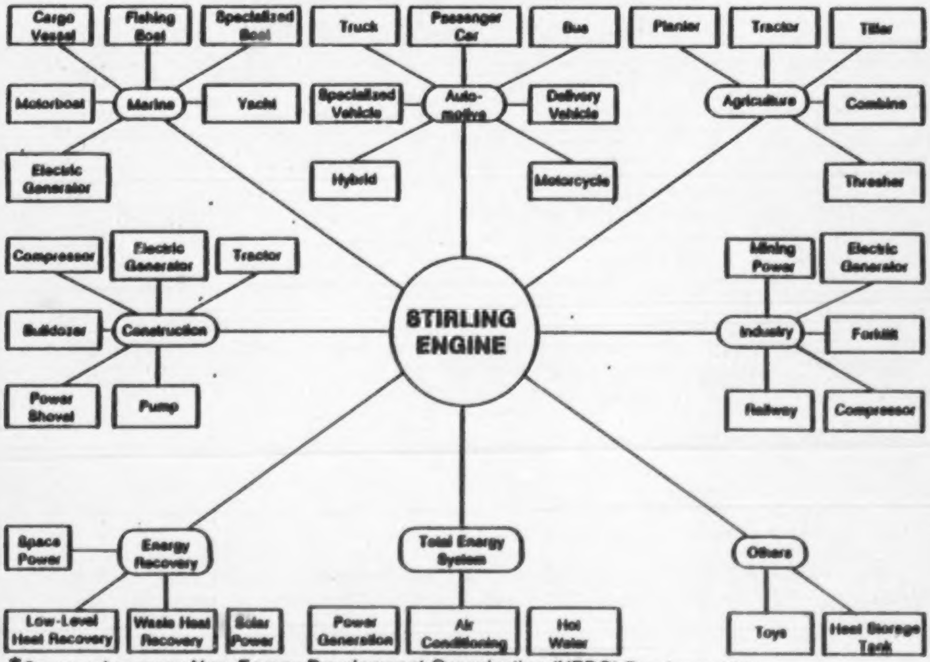


Figure 1

Table 1
GROWING INDUSTRIAL INVOLVEMENT

Corporation	Activity	Estimated Expenditure
General Motors	Testing and Evaluation	$ 500,000
Valmont	Irrigation Pump Development	4,500,000
John Deere	Testing, Evaluation, Production	500,000
Cummins	Evaluation	Small
General Dynamics	Evaluation	Small

STIRLING ENGINE APPLICATIONS*


Cargo Vessel
Fishing Boat
Specialized Boat
Truck
Passenger Car
Bus
Planter
Tractor
Tiller
Motorboat
Marine
Yacht
Specialized Vehicle
Auto-motive
Delivery Vehicle
Agriculture
Combine
Electric Generator
Hybrid
Motorcycle
Thresher
Compressor
Electric Generator
Tractor
Mining Power
Electric Generator
Bulldozer
Construction
STIRLING ENGINE
Industry
Forklift
Power Shovel
Pump
Railway
Compressor
Space Power
Energy Recovery
Total Energy System
Others
Low-Level Heat Recovery
Waste Heat Recovery
Solar Power
Power Generation
Air Conditioning
Hot Water
Toys
Heat Storage Tank

*Source: Japanese New Energy Development Organization (NEDO) Brochure, 1984

Figure 2

SUCCESS PATH

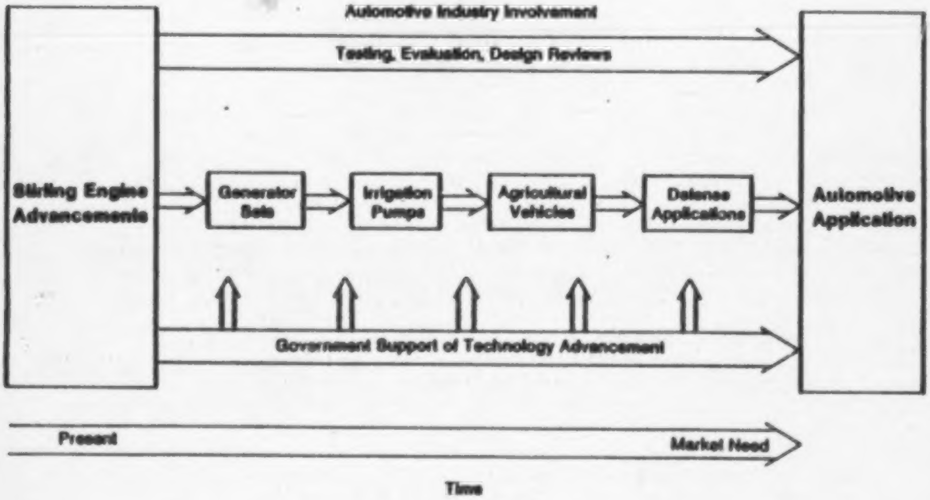

Automotive Industry Involvement
Testing, Evaluation, Design Reviews
Stirling Engine Advancements
Generator Sets
Irrigation Pumps
Agricultural Vehicles
Defense Applications
Automotive Application
Government Support of Technology Advancement
Present
Market Need
Time

Figure 3

Letter From Paul Simon, U.S. Senator From Illinois

April 8, 1985

The Honorable James A. McClure
Chairman
Appropriations Subcommittee
on Interior and Related Agencies
SD-114
Washington, D.C. 20510

RE: Written testimony of J. Reginald Dietz, Vice President for Research and Development, National Steel Corp., on March 21, 1985, before the Subcommittee

Dear Chairman McClure:

I wish to express my strong support for the steel industry/federal laboratory initiative described in the above-referenced testimony. We have an opportunity to bring together the scientists and engineers of national laboratories such as Argonne with several major steel producers in a far-reaching program of exploratory research that may significantly improve our long-range competitiveness in international markets.

Cordially,

Paul

Paul Simon
U.S. Senator

Statement of Dr. J. Reginald Dietz, Vice President, Research and Development, National Steel Corp.

I am Dr. J. Reginald Dietz, Vice President-Reseach and Development, National Steel Corporation and a member of the American Iron and Steel Institute Committee on Technology. This statement is submitted on behalf of AISI and National Steel. AISI is the principal trade association of the domestic iron and steel industry whose 56 member companies account for approximately 90% of the nation's steel production capability. National Steel is a major flat-rolled steel producer with an annual production capability of 5.7 million tons.

We would like to bring to the attention of this Subcommittee for its consideration a research program which would most appropriately fall under the Department of Energy's Conservation and Renewable Energy Program. This proposed joint collaborative research program involving the National Laboratories, the National Bureau of Standards and the steel industry -- the so-called "Keyworth Initiative" -- had been recommended by the Office of Science and Technology Policy to the Office of Management and Budget for inclusion in the FY 1986 budget. Let me provide some background on this proposal and its current status.

The May 1983 report of the White House Science Council's Federal Laboratory Review Panel, known as the "Packard Report," strongly recommended increasing the collaboration of the federal laboratories with universities and industry. Subsequently, Dr. G. A. Keyworth, Science Advisor to the President, and Howard M. Love, Chairman of National Intergroup, which owns 50 percent of National Steel Corporation, as members of the Presidential Committee on Industrial Competitiveness (PCIC), identified the possibility that this recommendation could be related to the long-range problems of the domestic steel industry. In a February 3, 1984, presentation to the PCIC, Mr. Love, who is also the Chairman of National Steel Corporation, made the following suggestion:

> "What I am proposing, then, is that steel firms come together to identify an agenda for R&D on leapfrog technologies, and then join with the National Labs to realize that agenda. Let me stress that this must be R&D on leapfrog technologies. If we fall into the rut of 'business as usual,' and merely agree on a modest agenda on R&D for incremental improvements, we will have failed. Let's envision a steel industry where we throw away the blast furnaces, throw away coke ovens, and develop entirely new ways of making a higher quality, higher yield product, at smaller scales, with greater flexibility and more automation.
>
> Let me also stress that by seeking a technological solution, we are building upon our national strengths. We can't compete with the third world on the cost of labor or capital. The one thing we have in our favor is the best science and technology base in the world. Let's take advantage of the base; let's utilize it for the benefit of our basic industries."

On February 8, 1984, members of the AISI Committee on General Research joined Mr. Love and Dr. Keyworth for a meeting in the White House; and, shortly thereafter, joint exploratory studies between certain National Laboratories and steel industry scientists were underway. The nature of this joint effort was reviewed by Dr. Keyworth in his speech at the AISI General Meeting on May 24, 1984.

During the latter half of 1984, four joint task groups under the direction of a Joint Steering Committee made an intensive and well documented search for new approaches in steelmaking, casting, product development, and control engineering. Also involved in these task groups were several university professors including both the AISI Distinguished Professors John Elliott of M.I.T. and Alexander McClean of the University of Toronto. All together almost 60 people were involved. The enthusiasm of the steel industry participants in these long-range analyses has been sustained by rapid, high-quality responses from the scientists at the Argonne and Oak Ridge National Laboratories and the National Bureau of Standards. There has also been all-around recognition that the steel industry is limited in its ability to commit its severely limited resources to long-term objectives. As a result of these studies, opportunities for long range and novel technological development were identified in two areas: first, direct production of liquid steel from iron ore, and second, casting of near net shape solids. Analysis of potential savings by scientists at Argonne indicates a 33% reduction in total energy costs and 30-40% in capital costs.

By October of 1984, details of the proposed research program had been developed to the point that funding needs could be identified. A total of $14 million/year for 1985 and 1986 was suggested, broken down as follows: $10 million/year from the Department of Energy (National Laboratories), $2.5 million/year from the Department of Commerce (National Bureau of Standards) and $1.5 million/year from the steel industry (AISI). The AISI funding would support 15 industry scientists who would work side-by-side with government scientists at the National Laboratories and at the Bureau of Standards. The importance of this close working relationship cannot be overemphasized. It could serve as a prototype for future joint government-industry "hands-on" collaborative research efforts. In November the AISI Board of Directors approved participation at this funding level for two years, with half the funds to come from the AISI budget and half from the individual participating companies.

I should also point out that, although it does not show in the formal work plan, the industry will actually be putting substantially more than $1.5 million/year into this effort. We have estimated that, for additional support required for the industry scientists, for executive and supervisory personnel involved in program administration and interaction with the Federal Government, and for proprietary technology contributed by individual companies, the industry will be contributing an additional $1.35 million/year, making the total almost $3 million/year.

In December, Argonne National Laboratory had identified twelve scientists to work on their portion of the first year's work. Enthusiasm on the part of the government and industry scientists was high. The proposed research program was submitted by the Office of Science and Technology Policy to the Office of Management and Budget for approval in December with the strong endorsement of Argonne, NBS and AISI.

Unfortunately, because of budget reduction efforts at OMB, no funds were included for DOE or DOC for this program either for 1985 (supplemental) or 1986. In order for this program to stay alive we are advised that Congress will have to earmark funding for it in the 1986 budget. We have been told that NBS will continue steel industry support at current levels, i.e., about $1 million/year, primarily for this research program, even if no additional funding is provided in the 1986 budget. Thus, the key appears to be getting DOE funding for the program. Given the broad-based support that this program has in the steel industry at the National Laboratories and at the Bureau of Standards, and its potential to serve as a model for industry-government collaborative efforts to improve the competitiveness of U.S. basic industries, we hope that funding will be forthcoming.

STATEMENT OF THE ENERGY CONSERVATION COALITION

Mr. Chairman, the Energy Conservation Coalition is a private, non-profit coalition of seventeen public interest organizations established to promote energy efficiency. We appreciate the opportunity to submit these comments.

THERE IS STILL A CLEAR NEED FOR MAJOR ENERGY CONSERVATION EFFORTS.

When many of the federal energy conservation programs were first enacted, we were in the wake of massive energy crises and it was thus easy to justify the existence of federal energy conservation programs. Now however, there are many public officials, including many in the Department of Energy, that argue our oil import situation has changed so much that the federal government doesn't have to push energy efficiency like it once did.

A brief look at the broader picture, however, shows that it is even easier to justify federal energy conservation efforts now than it was in the 1970's. Consider the following brief points:

1. In 1984 the U.S. imported $61 billion worth of energy, contributing to the $108 billion trade deficit. The trade bill for energy could substantially worsen when oil prices begin rising again, which the Department of Energy expects to happen soon.

2. Two-thirds of the world's remaining oil resources are located in the Persian Gulf and communist countries. Although the control these countries exert on the world oil market has temporarily softened, world oil demand is projected to rise steadily over the next ten years, which will inevitably restore powerful market control to these countries again.

3. A Department of Energy study has projected a need of 438 gigawatts of new electric generating capacity within 15 years, costing approximately $1 trillion in constant dollars (which equals almost 60% of our entire national debt). Other studies, such as those done by the Congressional Research Service and the National Audubon Society, project that we can hold electric demand constant for those fifteen years at a much lower cost if we earnestly pursue energy efficiency. If Congress is seriously concerned about the pressure federal borrowing puts on interest rates and capital availability it should be equally concerned about the pressure $1 trillion worth of utility borrowing would put on them?

4. Energy costs are devastating the poor. A recent study by the National Consumer Law Center found that home energy costs consumed more than 30% of an elderly person's Supplemental Security Income maximum monthly benefit in 42 states; and in 9 states it consumed more than 50% of these benefits.

The above points make it clear that it is tremendously valuable, for our nation's security and economy and for the welfare of the poor, that we aggressively pursue energy efficiency in this country.

The federal government's involvement in that pursuit is crucial, as shown by the success of federal energy conservation programs. From the development of the solid state lighting ballast to the heat pump water heater, federal research and development efforts have produced extremely valuable and innovative technology. And from the Low Income Weatherization Program to the Schools and Hospitals Program, federal money has been directed to very cost-effective conservation investments that otherwise would not have been undertaken. Federal conservation programs produce results, and now, more than ever, our country needs those results.

ENERGY CONSERVATION PROGRAMS HAVE ALREADY BEEN DEEPLY CUT.

This year, as in every previous year since President Reagan has taken office, the Administration is proposing cuts in federal energy conservation programs. Prior to President Reagan's 1981 election, appropriations for the Department of Energy's conservation programs totaled $803 million for FY 1981. Their funding now stands at only $459.1 million (FY 1985 estimate). That is a 58% cut in real dollars over the last four years. And now, despite Congress' earlier refusals to cut the programs any more, the President proposes further cuts. Such cuts only mean a continuing shift in energy policy away from energy efficiency.

PRIVATE FUNDS FOR THE WEATHERIZATION OF LOW-INCOME HOMES SHOULD SUPPLEMENT FEDERAL LOW-INCOME WEATHERIZATION FUNDS, NOT SUPPLANT THEM.

Finding private money to substitute for federal money phased out of the Low-Income Weatherization Program, as the Administration has suggested, is highly unlikely. Only among charities and organizations with social purposes do we find a regular willingness to invest in the poor, and with poverty spreading in our society, these organizations already find their resources stretched to the limit. Only a few utilities have made substantial weatherization efforts

Given that current levels of both federal and private funds are barely sufficient to weatherize all homes eligible for the program within 40 years time, supplanting federal funds with private funds is unreasonable. To the extent that the Department of Energy can encourage private contributions toward low-income weatherization, those funds ought to supplement federal funds.

THE ADMINISTRATION'S PROPOSAL TO USE OIL OVERCHARGE FUNDS FOR THE WEATHERIZATION AND SCHOOLS AND HOSPITALS PROGRAMS IS AN IMPROPER USE OF SUCH MONEY.

The use of oil overcharge money in the manner proposed by the Administration would not serve as restitution for victims of oil overcharges. Oil overcharge funds are recovered to remedy past injuries and they should be applied in such a way as to address those injuries, not simply to back out current funds which would be appropriated by Congress for the on-going needs of federal programs. In passing the Warner Amendment two years ago, and thus distributing $200 million in oil overcharge funds for use by states in various energy programs, Congress was careful to recognize the principle of restitution, assuring that the funds had their impact above and beyond current appropriations by requiring that those funds be used to "supplement, and not supplant, funds otherwise available for such programs under Federal or State Law." See Sec. 155 (c), P.L. 97-377.

In addition, because of the procedure established to distribute oil overcharge money, funds probably won't be available in the amount sought by the Administration for FY 86.

RECOMMENDED APPROPRIATION LEVELS

There is a clear and pressing need to fund federal energy conservation programs above their present levels. The Low-Income Weatherization Program should be funded at a level that would enable the program to weatherize all homes eligible for the program within 10 years, beginning with an appropriation of $500 million for FY 86. Research and development, particularly those projects related to energy efficiency in buildings, deserve higher levels of funding than they are presently receiving. (Research on buildings is singled out here because more so than any other energy-consuming sector, the buildings sector is highly disaggregated and decentralized, and thus is unable to sustain a comprehensive energy efficiency research program.)

Although we can recommend numerous increases in energy conservation programs that have already been severely cut, we recognize the slim likelihood of increasing such funding in the current Congress. Under no circumstances should any conservation programs be cut below their FY 85 estimated level of $459.1 million plus inflation.

STATEMENT OF THE AMERICAN GAS ASSOCIATION

The American Gas Association (A.G.A.), whose members consist of nearly 300 natural gas distribution and transmission companies serving more than 160 million consumers in all 50 States, is pleased to present this statement in support of gas-related research and development (R&D) conducted or sponsored by the Department of Energy (DOE). A.G.A. recommends an appropriation of $200 million for all DOE natural gas-related R&D in FY 1986. Out of this total, A.G.A. recommends $162 million for projects under the jurisdiction of this Committee.

In the enabling statute creating DOE, Congress mandated that DOE was to "carry out the planning, coordination, support and management for a balanced and comprehensive energy research and development program," including programs for "optimal development of the various forms of energy production and conservation." The DOE was also required to administer certain nuclear weapons research functions. Consistent with its Congressional mandate, the DOE — by FY 1980 — was spending approximately $3.4 billion on defense-related weapons research and $5.9 billion on energy research.

For FY 1986, the DOE is requesting $7.3 billion for defense activities and only $2.1 billion for energy research. The DOE has become, in essence, an arm of the Department of Defense, funding less than 40 percent of the energy research that it funded in FY 1980, while more than doubling its defense-related funding. If the DOE is to be the true focal point for national energy policy, it must concentrate more of its efforts on conducting serious energy research. We therefore call upon Congress to move toward restoring energy research funding to the priority status originally envisioned when DOE was created.

The geosciences are the most likely fields to produce major improvements in this country's energy supplies over the next several decades. Geoscience can open the door to tremendous quantities of heretofore unattainable gas and oil resources. Unfortunately, the DOE has chosen to ignore this potential—a highly inappropriate posture for the organization created to be the centerpiece of national energy policy. We strongly suggest that Congress redirect the DOE's research activities and budget to reflect more accurately the Department's objectives and our nation's needs. We recommend redirection of funds within the General Sciences and Basic Energy Sciences area. This redirection is intended to address the geosciences and resolve the research problems related to recovery of natural gas from deep sources, methane hydrates, and geopressured zones. It is also intended to address the materials research needs related to these technologies.

If the DOE were to address properly the geosciences, the recoverable resource base for natural gas would expand substantially. Although it is tempting to conceive of the nation's gas resources as a fixed and stable quantity, history has shown that technological achievements by the gas industry, like improvements in techniques for drilling for gas in deep, offshore waters, have resulted in significant increases in the recoverable gas resource base. The DOE, as the focal point of national energy policy, must take the lead in the attempt to achieve future technological successes by assuring adequate funding for these technologies.

The DOE has also strayed from its statutory mandate to promote energy conservation research and, in doing so, has neglected research of new technologies designed to use natural gas and other fossil fuels more efficiently. Thus, in redirecting its research priorities, the DOE must also focus more attention on research in these areas.

There are several reasons why the DOE should concentrate more of its efforts on natural gas utilization technologies. First, natural gas is more attractive environmentally than other fossil fuels, because gas combustion products contain almost no sulfur or particulate matter. Second, because a large potential gas resource base is located in the United States, development of new gas utilization technologies would displace some of the crude oil imported from the tumultuous Middle East and reduce the nation's balance of trade deficit. Third, there are several new gas utilization technologies which offer greater fuel efficiencies and environmental benefits than are currently possible. The development of new, more efficient gas utilization technologies would help the DOE return to its original mandate of promoting energy conservation research.

UNCONVENTIONAL NATURAL GAS: $35 Million. Unconventional resources, such as tight sands and Devonian shales, contain extensive amounts of gas. A.G.A. has estimated that vigorous financial support of R&D programs to develop these resources could produce up to 3.0 Tcf of gas by the year 2000. Despite this potential, the DOE's research efforts in this area have been systematically eroded over the past few years. Funding for DOE's unconventional gas program has decreased from $35 million in FY 1981 to $10.2 million in FY 1985. Because of the significant potential of unconventional gas resources, the DOE must make a greater effort to reverse the deceleration of the development of these resources.

To attain commercial viability for increased production from unconventional gas resources, more research must be conducted to develop advanced stimulation techniques to fracture tight rock formations that restrict gas flow. Current fracturing techniques induce only shallow fractures of a few hundred feet. Field testing must be conducted to refine techniques for inducing deep fractures of several thousand feet. In addition, research information must be collected from field testing to establish a technological database for stimulation modelling, economic modelling and other analytical purposes.

SURFACE COAL GASIFICATION: $40.5 Million. Contemporary technologies allow significant production of synthesized gas from coal; however, substantial research into the gasification process is necessary for gas from coal to play a role in meeting this nation's future energy needs. Gasification techniques must be developed to accommodate combustion-inhibiting coal "fines." Research must be conducted to develop techniques for gasifying these "fines" and liquid byproducts, and for consolidating "fines" and tars for utilization. Scientific and engineering feasibility studies of advanced generation gasification processes must be conducted to develop a technological database for such processes. In addition, research must be conducted to identify the proper treatment and disposal techniques for gasification waste byproducts.

FUEL CELLS: $23 Million. Gas-fired fuel cells, in a highly efficient electrochemical process, convert the energy content of gas directly into electricity and byproduct heat. Combining fuel cells with cogeneration equipment could achieve combined electrical and thermal conversion efficiency of 80 percent, compared to a conversion efficiency of 36-40 percent by the typical electric utility. Fuel cells are also environmentally benign. More funding for phosphoric acid fuel cells is necessary to develop advanced cell cooler designs and advanced cathode catalysts that could double the power density of individual cells. Improved techniques for controlling phosphoric acid electrolyte and increasing the efficiency of DC to AC power inverters must be achieved. Research must also be conducted to develop second-generation molten carbonate fuel cells capable of processing gases containing sulfur and chlorine, as well as to develop other advanced, direct conversion concepts.

CONSERVATION: $40 Million. Two examples of research which should be conducted in this area include compressed natural gas vehicle development and select gas use.

Broad development of vehicles fueled by compressed natural gas (CNG vehicles) would serve the national interest by reducing the oil industry's monopoly in the vehicle fuel market. It could also lead to improved air quality, since the emissions from CNG vehicles contain only a fraction of the nonmethane hydrocarbons, carbon monoxide, and nitrogen oxide produced by gasoline-powered vehicles. Furthermore, unlike gasoline-powered vehicles, CNG vehicles emit almost no sulfur oxides or particulate matter. Fundamental research is necessary to acquire a thorough understanding of the intricacies of gaseous fuel carburetion, manifolding, combustion, power optimization and emissions control so that natural gas can become universally accepted as a transportation fuel. Further research into novel gas compression concepts is necessary to advance the development of compressor technology and to increase the understanding of gas storage technology, particularly the fundamental principles of natural gas adsorption, absorption, clathration and catalysis.

Select use, a relatively new concept in fuel combustion, entails the burning of natural gas with less environmentally attractive fuels in the same or separate combustion units for environmental control purposes. Studies have shown that burning natural gas with coal, municipal solid wastes, toxic wastes or coal-water mixtures can reduce sulfur dioxide, nitrogen oxides and particulates emissions. Basic research and mathematical modelling are necessary to obtain a fundamental understanding of the combined fuel combustion process. Research is also needed to develop the techniques for burning natural gas with other fuels in the same combustion unit, including the assessment of burner configurations and fuel characteristics.

UNDERGROUND COAL GASIFICATION: $8 Million. Underground coal gasification is a process whereby coal is burned underground, in formation, generating a low-Btu or medium-Btu gas. The gas can then be used directly as an energy source or can be upgraded to pipeline quality through catalytic methanation. Underground coal gasification offers potential environmental, economic and safety advantages over conventional mining. Extensive field testing is necessary to understand the technological basis for linking the vertical wells through the coal seam and controlling the movement of the reaction zone. Extensive environmental monitoring is also required to analyze and control the potential contamination of surface water and local aquifers (geological formations containing water), and to control surface subsidence.

ADVANCED RESEARCH & TECHNOLOGY DEVELOPMENT: $13.5 Million. This program generally provides a technology base for ongoing fossil energy projects and for advanced process development. Current research needs include improving the understanding of the interactions of coal gasification processes in a fluidized-bed environment; improving the understanding of the interaction of gasification catalysts with carbon/steam and carbon/hydrogen reactions; developing advanced processes for low-cost synthesized gas; developing lower-cost acid-gas cleanup processes; and continuing efforts to assess advanced cleanup technology for alkali metals, particulates and tars.

The natural gas industry recognizes that, to reduce the current budget deficit, federal spending for FY 1986 will be subject to careful Congressional scrutiny. Expenditures for natural gas-related research should not be exempt from such scrutiny. What the natural gas industry suggests for FY 1986, however, is a redirection of funds, rather than an increase, for gas-related R&D. If Congress responds to the gas industry's call for redirection, the nation could enjoy benefits of increased gas supplies and efficient gas utilization without increasing DOE's overall R&D budget or otherwise contributing to the federal deficit.

STATEMENT OF BERNARD S. LEE, PRESIDENT, INSTITUTE OF GAS TECHNOLOGY

This testimony pertains to FY'86 Appropriations for the Department of Energy non-nuclear programs. Specific requests are:

- $9 million for or coal gasification research to examine coal-ash particle dynamics, removal of sulfur and other pollutants, and operation of a high-pressure ash agglomerating PRU gasifier.
- $3 million for development of a contaminant resistant molten carbonate fuel cell.
- $1 million to measure gas and liquid permeability of tight formations.
- $1 million to conduct fluidized-bed spent shale agglomerating gasification tests with Eastern oil shale.
- $6 million for conservation research to develop the Hyperabsorption cycle heat pump, and a new thermochemical recuperator system for high temperature heat recovery, as well as extending the cyclonic combuster technique to develop a highly efficient gas-fired boiler.

Mr. Chairman and Members of the Subcommittee:

My name is Bernard S. Lee. I am President of IGT, a not-for-profit energy R&D organization in Chicago.

The 99th Congress faces the difficult task in the coming year of making decisions which lead to cutting the Federal budget deficit. While undertaking this challenge, the Congress should recognize the need for high-quality technological development that will enable us to achieve a state of energy readiness and security.

Some people believe that an economic trend which will contribute to the nation's energy well-being is the "deindustrialization" of America, characterized by the growing importance of the service-producing sector at the expense of goods-producing industries. In this vision, the old energy-intensive basic "smokestack industries" will vanish as we become a nation of computer technology and information suppliers, leaving the smokestack industries to our import partners. It is tempting to attribute the decline in energy consumption of recent years to more or less irreversible structural changes in Western economies and to assume that future economic growth will be realized with ever-diminishing energy inputs. Against the background of the worldwide glut of conventional energy sources at declining prices, this line of reasoning dictates that little money and effort should be spent on the development of new energy sources or the technology to use energy more efficiently.

But already there are warning signs that the past few years have been only a reprieve from our energy problems, not a commutation of sentence. Oil and gas resources have not increased and demand has begun to rise. Estimates for 1984 indicate that for the first time time since 1979, demand for petroleum products rose 3% over the previous year. Net petroleum imports, which had fallen for four years in a row, grew nearly 9% in 1984.

Furthermore, OPEC's recent price reduction will almost certainly not be the last, which means that consumption will continue to rise. The Department of Energy's most recent forecast projects a 20% increase in U.S. petroleum consumption between 1983 and 1995. DOE also foresees an even sharper 70% jump in oil imports to an all-time high of nearly 9 million bbl/day by 1995 as domestic petroleum production continues its slow but inexorable decline. An interruption of supplies followed by soaring prices could find the U.S. and the West back where they were ten years ago. The practical value of the Strategic Petroleum Reserve is unknown, and the U.S. still has no concrete plan for how and when to use it.

In addition, the demise of the goods-producing sector has been greatly exaggerated. This sector, especially its durable goods component, has historically borne the brunt of economic downturns, and conversely, has grown rapidly during periods of expansion. In the two years following the recessionary trough of November 1982, for instance, real economic growth in the durable goods subsector was 8.3/year — more than double the 4.0% annual growth rate reported for the service sector.

DOE is now predicting that energy use in the industrial sector will grow faster than in any other sector as growth in output outstrips the energy efficiency gains made in the recent past. For example, the 4.2% growth in output projected for the commercial sector over the next five years will be exceeded in many energy intensive-industries, including chemicals where a 5.6% increase in output is forecast and basic metals, a 4.7% gain. Thus, we can conclude that many of the changes we have experienced in our economy and our energy use patterns over the past few years were more cyclic than structural.

Against this background of uncertainty and change, the U.S. does not have an ultimate plan to provide future energy supplies. Rather than debate whether we should regulate or deregulate the energy industries, we suggest a policy based on strong support of research and technology development. This policy should be broad enough to encompass many eventualities and leave plenty of room for changes of direction; in short, place the United States in a state of readiness. Restricting the government's role in funding R&D to cases of potential high risk and high payoff and to basic research severely limits the available options. Energy research is mainly applied research and should be supported through the entire chain of development from basic research to commercial applications, including the crucial process development and commercial demonstration steps.

American leadership in world technology has already begun to erode. Ten years ago, the U.S., with 5% of the world's population, generated about 70% of the world's new technology. Today, we only generate about 50%. Our comparative record with respect to energy research and development is even more dismal. In both 1979 and 1980, the U.S. led the other countries that belong to the International Energy Agency in the ratio of its government research, development and demonstration expenditures to Gross Domestic Product. By 1983, this ratio slipped to 0.07% from 0.16% in 1979, and the U.S. was only ninth among the 19 IEA countries. In particular, our oil and gas R&D spending, was only $38 million in 1983, much less than the $105 million in Canada and $89 million in Japan. New energy sources, including solar and biomass, dropped from 16% to 10% of total government energy R&D funding. Coal R&D spending plummeted from 19% in 1980 to around 9% in 1983. The share of nuclear R&D, by comparison, rose from 39% to 69% over the same period. Coal is our nation's largest energy resource. With demand for coal projected to rise and environmental concerns mounting, assigning such a low priority to develop and improve technologies for the clean burning of coal seems totally illogical.

There is generally a mismatch between our future energy supply requirements and government-supported R&D. Private industry looks for short-term payoff in its investments; therefore, financial support by industry of energy research in the long-term public interest is not always feasible. And yet, our nation's future prosperity depends on the existence of technologies which will provide secure sources of energy. The necessary technology will not be available if government support is not forthcoming for energy R&D.

For FY'86, I fully support the gas industry recommendations of $200 million for gas-related R&D. The following are specific R&D programs in which IGT is actively engaged, and Attachment 1 describes these in more detail.

Surface Coal Gasification

IGT recommends $1 million to operate the Advanced Multipurpose Research Reactor to examine coal-ash particle dynamics in fluidized-bed jets and cyclones, and $1 million to test a novel two-step bioprocessing technique for removing sulfur while simultaneously methanating coal gas. IGT also recommends $3 million to operate the high-pressure 8" diameter ash agglomerating PRU gasifier to extend the ash agglomerating gasification technology to the 500-psi range, $2 million to test pollutant recycle gasification as a means of eliminating sulfur and organic pollutants normally produced in coal gasification plants, and $2 million to test novel devices for eliminating particulate dust from hot product gas streams.

Fuel Cells

IGT recommends $3 million to develop a contaminant-resistant molten-carbonate fuel cell capable of processing gases containing sulfur and chlorine.

Unconventional Natural Gas

IGT recommends $1 million to continue operation of CORAL and the development of ExTRA for obtaining high resolution steady-state measurements of gas and liquid permeability of Devonian shale, tight sandstone, and coal seams.

Eastern Oil Shale Gasification

IGT recommends $1 million to conduct fluidized-bed spent shale agglomerating gasification tests with Eastern shale.

Conservation

IGT recommends $2 million to develop the Hyperabsorption cycle heat pump, $2 million to develop a new thermochemical recuperator system (TCR) for high temperature heat recovery, and $2 million to extend the cyclonic combuster technique to develop a highly efficient gas fired boiler.

Thank you for the opportunity to present my views. I have more attachments if any member is interested. I will be happy to answer your questions.

STATEMENT OF DR. J. READ HOLLAND, DIRECTOR, SCHOOL OF MINES AND ENERGY DEVELOPMENT, UNIVERSITY OF ALABAMA

This statement pertains to FY 1986 Department of Energy non-nuclear R&D appropriations. The University of Alabama strongly endorses the continuation of specific research on Eastern oil shale at a funding level of $9 million in FY 1986.

During the past five years the University of Alabama has conducted research on processing of the Devonian-Mississippian oil shales that underlie much of the Central and Eastern United States to develop technology specifically tailored to improving processing characteristics of the shale. The research program has included the application of physical beneficiation, chemical extraction, and retorting technologies for obtaining maximum energy recovery, as oil or gas, from the shale. Early in the investigations the Mineral Resources Institute (MRI) at the University made a major breakthrough in upgrading the shales by physical beneficiation. First reports of the results of that research were reported in several papers presented at the 1981 Eastern Oil Shale Symposium in Lexington, Kentucky. MRI now is recognized as a leader in the beneficiation of Eastern oil shale.

In FY 1985 a federal Eastern oil shale research program was initiated by Congress in the amount of $3 million "for specific Eastern oil shale research in such areas as expanding the data base, increasing the utilization of fines, for moving bed hydroretorting, to study beneficiation, chemical composition of kerogen, primary and secondary reaction products of Eastern oil shale retorting, and for the gasification characterization of Eastern oil shale." That program now is being implemented by DOE, and it is our view that its continuation in FY 1986 will provide additional information needed to develop the Eastern shales into a viable national energy resource.

The U. S. Geological Survey estimates that the total "known resources" of the Devonian oil shales of the East-Central United States contain at at least 400 billion barrels of oil, and that "probable extensions of known resources" contain an additional 2,600 billion barrels. These estimates are based on the use of a pyrolysis (direct heating) approach adopted for recovering shale oil from Western shales, but the approach is not particularly effective with the Eastern shales. Organic carbon levels in Eastern and Western shales are approximately the same but the low hydrogen to carbon ratio in the Eastern shales inhibits conversion of their organic carbon to oil by conventional pyrolysis. The conversion efficiency of organic carbon in Eastern oil shale is about 35% compared to 80% for the Western shales.

The beneficiation technology developed by our engineers for the Eastern shales recovers upgraded products that give oil yields similar to yields from the Western shales. The raw Eastern shales are ground to an ultra fine size to liberate the oil fraction (kerogen) from the inorganic constitutents of the shale and then processed by froth flotation to recover concentrates with kerogen contents 2 to 2.5 times higher than those of the raw shale. The beneficial effects of pressurized hydrogen in a moving bed of oil shale (hydroretorting), rather than simple pyrolysis, improves the yield by an additional factor of two or more. This is illustrated by the following laboratory scale results obtained on a typical Eastern shale in cooperative research by The University of Alabama and HYCRUDE Corporation:

Feedstock/Recovery Method	Oil Yield (Gal/T)
Raw shale/Pyrolysis	12
Flotation concentrate/Pyrolysis	27
Flotation concentrate/Hydroretorting	54

This joint University of Alabama-HYCRUDE research is only one example of the progress that can be made in developing an advanced technology tailored to processing the Eastern shales. Much remains to be done to understand these results and improve the process. Other avenues of research equally as attractive may contribute to further development of our extensive Eastern shale resource and are deserving of continued funding support.

There are a number of other factors that should be considered in supporting activities directed toward development of Eastern oil shales. These are:

- In whatever manner the shales are processed, there will be a demand for substantial volumes of water for mining, processing, waste disposal, land reclamation, municipal growth, and power generation. Thus, the establishment of an Eastern oil shale industry producing 1 million barrels per day of oil, or almost 25% of our current petroleum imports, will require about 150 million gallons of water daily. Data from U.S. Geological Survey Water Supply - Paper 2250, National Water Summary 1983 - Hydrological Events and Issues, indicate that the consumptive use of water in the East-Central region is only about 2% of the renewable water supply. Compared to the total water consumed for other uses, oil shale processing will increase the water demand only incrementally. Thus, the figures strongly suggest an availability of enough surface water in the region to establish an oil shale industry capable of producing 1 million barrels per day. To accommodate seasonal low supply periods, some new reservoirs and pipelines might have to be constructed to provide adequate water to the plants. The dispersal of oil shale operations throughout several states in the region with each operation producing perhaps 100,000 barrels of oil per day also would minimize the impact on local water consumption supplies.

- The major shale resources occur in the populated industrial heart of the nation where an adequate, diversified supply of labor is available and a convenient end-use market is also available for the shale oil and oil-derived hydrocarbon liquids and gases produced.

- The Eastern oil shale region has an infrastructure consisting of oil refineries connected by pipeline, rail and waterway distribution systems extending throughout the Eastern United States. This system today handles a substantial volume of the liquid hydrocarbon fuel needs of the nation, and it will be available for handling and processing shale oil and downstream products.

- The Eastern shales are generally amenable to surface mining. Surface mining is low cost and favors high recoveries of the economic mineral from the deposit. Proper reclamation of the strip mined land is an urgent factor that must be dealt with but it should be less of a problem in the Eastern United States than in other parts of the nation. The humid, temperate climate of the region should favor revegetation of the land within three to five years following any mining activity.

A relatively large number of states will benefit from the development of a successful approach for producing oil from Eastern shale, and indirectly the entire nation will benefit. Extensive Devonian oil shale deposits are located in Alabama, Indiana, Kentucky, Michigan, Ohio, Tennessee, Illinois, New York, Pennsylvania, Virginia and West Virginia. Development of the oil shale resources in these states can make a substantial contribution to meeting a significant part of our petroleum consumption requirements for centuries to come. Furthermore, any technology that is developed for processing the oil shales from these states also should be applicable to extracting the oil from the low grade oil shales occurring in other states such as Alaska, Montana, Nevada and Oklahoma. Thus, the benefits are by no means confined to the Eastern United States.

The University of Alabama strongly supports the Eastern oil shale R&D program initiated in FY 1985, and urges the appropriation of $9 million budget for its continuation in FY 1986. This level of funding will support the investigation and further development of a number of promising technologies. The research efforts we consider important and worthy of funding are as follows:

- Scale-up of beneficiation and moving bed hydroretorting techniques including process integration and economic evaluation of oil production from Eastern shales.
- Study environmental aspects of beneficiation and hydroretorting to minimize potential adverse environmental impacts of processing the shale, with emphasis on sulfur removal.
- Expand Eastern oil shale resource data development and determine the availability of known reserves and resources through establishment of an oil shale sample bank and data base. The oil shales also should be characterized with regard to the physical and chemical properties of the kerogen and associated minerals, the composition and structural relationships of the carbonaceous phases present in the shales, and the accumulation of other data affecting the mechanisms and kinetics of retorting and hydroretorting, and oil and gas yields.
- Develop new or advanced grinding, extraction and agglomeration techniques for Eastern oil shale processing.
- Establish technology for recovering accessory minerals and trace metals from oil shale processing products and wastes to augument our mineral resource base.

I appreciate the opportunity to share my views with you. If you have any questions after reviewing the statement, I will be pleased to respond by return mail.

LETTER FROM JOHN M. MUTZ, LIEUTENANT GOVERNOR, STATE OF INDIANA

March 8, 1985

Honorable James McClure, Chairman
Subcommittee on Interior and Related Agencies
Senate Committee on Appropriations
2317 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman McClure:

As the Lieutenant Governor of Indiana and as Director of the Indiana Department of Commerce, I appreciate the opportunity to submit this letter of testimony supporting an eastern oil shale research and development program for FY 1986.

Your committee was in part responsible for the establishment of a $3 million eastern shale R&D program for fiscal year 1985 which will provide funding for research on various eastern retorting technologies and for environmental studies.

The eastern shale resource offers the potential to significantly reduce oil imports, thereby improving the energy trade deficit. The location of the resource is in an area which has a work force capable of mining and processing oil shale already in place. Additionally, existing oil refineries, distribution systems, and markets are nearby.

Indiana alone has an estimated 40 billion barrels of oil recoverable from its shale resources. For all of these reasons, continued support of process and environmental research relating to eastern oil shale is warranted.

I hope you will carefully consider the eastern oil shale R&D program for fiscal year 1986. If you have any questions, please contact me or Mike Larason or Richard Heck at the Division of Energy Policy, Indiana Department of Commerce, One N. Capitol, Suite 700, Indianapolis, IN 46204-2243, telephone 317/232-8818.

Sincerely,

John M. Mutz

JOHN M. MUTZ
Lieutenant Governor

STATEMENT OF S.R. HART, JR., VICE PRESIDENT, RESEARCH AND DEVELOPMENT, SOUTHERN COMPANY SERVICES, INC.

Introduction

Thank you. My name is S. R. Hart, Jr. I am Vice President, Research and Development of Southern Company Services, Inc. (SCS) Birmingham, Alabama. Responsibility for the present contract with the U.S. Department of Energy (DOE) Contract Number DE-AC22-82PC50041 for operation of the Wilsonville Advanced Coal Liquefaction Research and Development Facility resides in my department in SCS. The purpose of my testimony today is to follow-up on my testimony submitted to this committee last year and to request funding of $6.5 million for Wilsonville in the DOE Fossil Energy Budget for FY'86 that will allow completion of the work as proposed last year. In support of this request, this testimony presents information about the objectives and capabilities of Wilsonville and the rationale for the continuation of its program to completion in 1986.

Under present budgetary pressures it is essential that we consider the appropriate time when the work at Wilsonville should be terminated. While it is impressive to be able to say that we have produced more distillate per ton of coal on an integrated pilot plant scale than has any other direct liquefaction facility, it is much more important to understand how we produced more distillate so those improvements can be incorporated into the design of larger plants and used to reduce the cost of liquid fuels from coal. This is the general goal that encompasses several specific goals that we expect to achieve by the end of 1986.

Summary

The Wilsonville Advanced Coal Liquefaction Research and Development Facility has made a significant contribution to advancing coal liquefaction technology. During 1985, Electric Power Research Institute (EPRI) will provide funds to add approximately $900,000 in capital improvements to the Wilsonville pilot plant. This new equipment will provide for the testing in FY'86 of new process configurations which may further improve the process efficiency, reduce capital cost, and provide a better understanding of this complex process. Current programs which are planned through 1986 would advance this technology to technical readiness for scale-up to commercial application. The Wilsonville program for FY'86 is not expected to produce a "breakthrough" which will allow direct coal liquefaction to compete with the current crude oil price of $25 to $30 per barrel. However, it is expected to produce a data base that can be used to design a two-stage process to produce a given product slate whenever economics or national commitments permit. We currently estimate that distillate products would cost $45 to $55 per barrel (in 1984 dollars).

The major objectives can be reached by the end of 1986 and unless there is a drastic change in the nation's outlook for oil, the plans for Wilsonville will include completion of the important work currently underway followed by an orderly shutdown of the facility at the end of 1986.

Wilsonville Accomplishments and Capabilities

The Wilsonville facility consists of three major process areas. The thermal reactor unit with a design capacity of six tons of coal per day began operating with coal in 1974. The Kerr-McGee Critical Solvent Deashing unit was installed and started up in 1979. The hydrotreater unit (second stage ebullated-bed catalytic reactor) began operating in 1981. The facility also has laboratories, a data acquisition system, and a state-of-the-art wastewater treatment system.

The Edison Electric Institute (EEI) and The Southern Company system began a joint pilot plant project to study the key steps in the solvent refining of coal in March 1972. The thermal reactor unit at Wilsonville, Alabama, was completed in late 1973. EPRI assumed the responsibilities for utility industry project participation from EEI in April 1973. The U.S. Energy Research and Development Administration (ERDA), now DOE, joined EPRI as a joint sponsor of pilot plant operations in 1976. SCS provides overall project management at no cost to DOE and EPRI. The approximate amounts of funds provided by the participants through 1984 were ERDA-DOE, $48 million; EEI-EPRI, $32 million; and The Southern Company system, $5.7 million.

The Wilsonville facility has become a unique national asset in that it has the broadest capability of any liquefaction pilot plant in the United States, is open for the testing of proprietary technology developed by others at a meaningful scale, and produces sufficient quantities of products for small-scale combustion testing and product upgrading research. The project has consistently operated within budget.

Recent activities at the Wilsonville pilot plant have focused on the development of advanced two-stage liquefaction process technology. With two-stage liquefaction, up to 90 percent of the products can be utility fuel products: either distillates to replace No. 2 fuel oil, heavy liquids to replace No. 6 fuel oil, or solids containing no ash and about 0.2 weight percent sulfur.

Previous work at Wilsonville demonstrated that nonintegrated two-stage liquefaction produces a significant yield of middle and heavy distillate as well as either low sulfur solid fuel or No. 6 fuel oil substitute. Recent results at Wilsonville have shown that integrated two-stage liquefaction (ITSL) can convert approximately 60 weight percent of bituminous coal and 50 weight percent of subbituminous coal into clean liquid fuels.

Program Objectives (1984 - 1986)

The primary program objective for advanced coal liquefaction process development is to demonstrate the production of environmentally acceptable liquid and solid fuels from coal at projected costs that would be acceptable to electric utilities and other industries. The purpose of the research is to advance the technology of multi-stage liquefaction through an ordered research program which examines the individual components of the ITSL process. This will provide the data necessary for an integrated process model, which is needed for process scale-up and design.

Previous research at Wilsonville and other coal liquefaction projects has identified those direct liquefaction processes which offer the best potential for commercialization. Development of unit process models will provide better understanding of two-stage liquefaction and will provide a basis for scale-up. Variability studies will be conducted at each of the three process units. Data from these studies will be used to develop the unit process models. The planned program would complete the modeling work by the end of 1986.

The objectives for FY'86 are consistent with the objective presented to this committee last year. Work was started in FY'84 on investigating the effect of coal rank on process performance (subbituminous coal). The results are not definitive because the first stage reactor was not well mixed. Radioactive tracer studies provided data about the mixing of the vessel that can be used for reactor modeling and for designing an improved reactor for subbituminous coal. The reactor at Wilsonville will be modified and work on subbituminous coal will be completed later in FY'85.

Economic studies recently completed by EPRI show that products from the ITSL process will cost about the same as products from the single stage "H-Coal" process, even though the ITSL products are much better in quality. These same studies show that the close-coupled ITSL process offers the potential to significantly improve the economics of the two-stage liquefaction. A close-coupled reactor system will have lower capital and operating costs due to lower catalyst usage rate, higher product recovery, and fewer process vessels.

Work completed early in FY'85 at Wilsonville showed promising results for close-coupling (remove ash after second reactor rather than after the first reactor) the two reactors. Later in FY'85, a new reactor (funded by EPRI) will be added that will allow investigation of true close-coupled operation. Continued operation of the Wilsonville project through 1986 will allow not only the completion of the "proof-of-concept" of close-coupled two-stage liquefaction but will also provide for the development of process unit models that will be needed by future engineers to design advanced coal liquefaction processes and optimize different process configurations.

Completion of the program should produce sufficient data to allow industry to scale-up the most efficient two-stage liquefaction processes to commercial size and to determine the most economical process for any given product slate. If the program is ended before the program goals have been completed, the data obtained to date will lose a significant part of their value. Currently the data are in the form of discrete points. These data cannot be used to predict what product slates can be expected from operation at conditions that were not tested. Modeling of individual process units is an essential step before the presently unrelated data can best be understood.

Funding Status

In 1984, the Standard Oil Company of Indiana (Amoco), became a cost sharing participant in the project. Amoco contributes $300,000 per year for three years directly to EPRI for support of the Wilsonville project. Funds appropriated through DOE for FY'85 will provide for nine months of continued operation through September 1985. For FY'86, we request that $6.5 million be appropriated for Wilsonville, which will provide for operation through the end of FY'86. This is only $1.0 million more than was approved for the last nine months of FY'85. Including Amoco's support, EPRI is planning to provide up to $6.6 million in 1985 and 1986 for completion of the work outlined above. This support shows that the electric utility industry is willing to do at least its share in this cooperative program. Funding through the end of FY'86 will allow completion of the program presented last year and will provide for an orderly shutdown of the project.

STATEMENT OF PEGGY WHEELER KAINZ, PUBLIC AFFAIRS DIRECTOR, NATIONAL CENTER FOR APPROPRIATE TECHNOLOGY

Mr. Cahirman, Members of the Committee, my name is Peggy Wheeler Kainz. I am the Public Affairs Director for NCAT, the National Center for Appropriate Technology. NCAT is a private, non-profit corporation involved in technology transfer, primarily of renewable energy and energy conseration. Our technology transfer methodologies include technical monitoring, evaluation, assistance, information dissemination, and education. We manage federal, state, local, and private contracts in this regard, one of which is a contract with the Department of Energy to manage the National Appropriate Technology Assistance Service, NATAS. I am here today to talk about NATAS.

NCAT recommends a $2.5 million Fiscal Year 1986 appropriation for NATAS; an increase of $1.0 million over this Committee's Fiscal Year 1985 appropriation of $1.5 million. NCAT recommends the $2.5 million in order to continue the current annual operating level of $1.5 million, and to add $500,000 to produce a new series of consumer publications, and an additional $500,000 to provide technical monitoring of selected technology innovations and training of State Energy Office personnel.

The NATAS program, operating through a toll-free line, provides tailored, site-specific technical information and technical assistance on renewable energy and energy conservation technologies to anyone. NATAS' two principal objectives are: to help people investigate or implement conservation and renewable energy technologies, and to help innovators solve problems they have commercializing energy saving products and services.

NATAS is organized around four tasks:

1. To disseminate appropriate technology information,
2. To provide engineering and scientific technical assistance,
3. To provide commercialization assistance, and
4. To coordinate NATAS with other state and Federal activities.

The toll-free line opened on May 1, 1984. Since that time (as of 3/15/85) NATAS has handled 7450 requests (as well as more than 3000 additional requests for publications alone). The users of NATAS are comprised of about 50% residential, 22% commercial/industrial, and 12% local, state, and federal government clients. Of these, 48% requested information, 47% required engineering/scientific technical assistance, and 5% requested commercialization assistance. (See Attachment One)

The three most common topics of inquiry are solar thermal energy, energy efficient new building technologies and weatherization technologies. But NATAS requests also cover a broad range of technical questions, including indoor air quality, cogeneration, hydropower, biomass, wind, resource recovery, photovoltaics and industrial energy systems. (A list is attached that covers the major technology types, including the number of technical assistance requests per type. Attachment Two)

Such information begins to identify where the interests of the public lie, what types of technologies they are using, and what technologies they want to learn more about.

Examples of technical engineering assistance NATAS has provided are:

- o Prepared information on the use of industrial centrifugal pumps as turbines and recommended contacting the manufacturer for more specific information.
- o Supplied information on residential and commercial solar heating systems and included referral to local solar energy associations.

Examples of commercialization assistance provided are:

- o Critiqued a business plan for a residential energy retrofit business.
- o Prepared information on patenting, financing, and recommended sources of technical evaluations for an innovative window weatherization device.

A State-by-State summary (May 1, 1984 to February 28, 1985) of the number of users is included as a second attachment for the Committee's information. (Attachment Three)

Knowledge of NATAS's availability is spreading on an increasingly rapid basis. In the last two months there has been mention of NATAS in periodicals, newspapers, and on a PBS station. These notices sharply increased the use of the service, actually doubling the intake load in February, demonstrating the potential use as NATAS becomes better known.

NATAS requires $1.5 million for annual operating expenses; this is based on actual costs. Operations include management of a staff of 22, the computerized data base, individual responses to each of 10,000 requests (About 90% of the users receive written responses to their questions.) and monthly reports to each State Energy Office, as well as DOE offices.

In order to maintain the high quality of responses provided currently by NATAS, a $1.5 million budget must be maintained in FY 1986. DOE requested $1 million for NATAS, but NCAT submits that this budget is primarily a reflection of DOE support for the program and that DOE does not wish to reduce the quality of service provided to NATAS users.

In addition to the $1.5 million base budget for NATAS, other needs have been revealed during operation of the program. NATAS has been using 13 energy publications of the easy to understand, how-to, variety which had been prepared by NCAT under a previous DOE contract. These publications sometime provide the most cost-effective as well as the most current and detailed response to a user when the technology covered by these publications is sought. These publications are also distributed by the State Energy Offices and the GPO. 240,491 copies had been distributed as of February 15, 1985, and many States are in their third printing of several of the publications. A reference in the January issue of New Shelter magazine to the "Window Insulation" publication is bringing in 700 orders a week to GPO. Another mention of the "solar greenhouse" publication in the February issues of the same magazine resulted in more than 3,000 orders in less than three weeks. The interest, and need, for these publications is obvious.

NATAS trends have identified the need for new publications which would provide the best response to some user requests. New publication topics include: space heating, water heaters, energy conservation in warm climates, small business uses of appropriate technologies, waste to energy technologies, cogeneration, education tools, and ways to commercialize appropriate technology.

To produce such publications, which are not available now, would be useful far beyond the NATAS users. They are a simple way of reaching out to thousands of people in a quick, efficient manner, thereby broadening the reach of NATAS in a cost-effective way. The production of eight such publications would require $500,000.

In addition to the annual operating costs of NATAS ($1.5 million) and the costs of new publications ($.5 million), NCAT has identified two other activities which would improve the NATAS program: technical monitoring needing $400,000 and the training of DOE personnel at the State, regional and federal levels, requiring $100,000.

Technical monitoring is not currently covered within the NATAS budget. many of the technologies dealt with by NATAS are the result of innovation by smaller businesses and individuals. These innovations could contribute widely or significantly to energy conservation or renewable energy development but NATAS is unable to provide the evaluation of these projects and ideas necessary to lead to their implementation.

The proposed budget would provide for the monitoring and evaluation of 60 projects. This number of projects would be a mix of complex and simple cases already identified by NATAS staff. Accurate information about these projects could then be transferred to NATAS users.

Furthermore, as a result of meetings and discussions with personnel from State Energy Offices, NATAS was requested to provide hands on training in some technology areas to SEO personnel. It was also recommended that NATAS concentrate on training trainers to maximize savings and facilitate the technology transfer process.

NATAS plans to conduct ten three-day workshops and to disseminate materials (including print and video) developed for, in, and during the workshops to other interested groups.

These budget requests total $2.5 million. An attached budget breakdown explains each item in greater depth. I believe that the budget for each activity is very cost-effective and would improve the quality of NATAS technical assistance.

Thank you for your time and interest.

STATEMENT OF DAVID O. WEBB, SENIOR VICE PRESIDENT, POLICY AND REGULATORY AFFAIRS, GAS RESEARCH INSTITUTE

I appreciate the opportunity to submit testimony regarding the Gas Research Institute's (GRI) views and FY 1986 budget recommendations for gas-related research in the Department of Energy's (DOE) Fossil and Conservation Programs. GRI is recommending a core program of long-term gas research in these DOE programs of $162 million in FY 1986 consisting of $122 million for fossil energy and $40 million for conservation. Central to this is the fact that GRI is planning to equal this DOE funding by requesting $164 million in its 1986 budget to fund mostly near-term gas research. GRI is also proposing a redirection of $35 million within the $1.74 billion budget request for DOE's Office of Energy Research programs to establish a viable program in petroleum geosciences related to deep source gas, methane hydrates, geopressured gas, and related materials technology. These resources have been estimated to contain at least 2,000 trillion cubic feet (Tcf) of recoverable gas. Despite this potential, DOE's Office of Energy Research programs are nearly totally dedicated to nuclear-related research with no basic research program for petroleum geosciences. Establishing this generic geosciences research program should become a top national energy priority.

GRI is an independent, not-for-profit research organization that plans, manages, and develops financing for a cooperative research and development (R&D) program for the benefit of the gas industry and its customers. Even though GRI is not a government contractor and does not accept federal funds, GRI cofunds and coordinates many of its research programs with DOE; therefore, the actions of Congress on the FY 1986 DOE budget have a direct impact on the gas industry's research program.

FEDERAL ENERGY R&D FUNDING POLICY SHIFTS--In examining the DOE FY 1986 budget request, it is important to review the shift in energy R&D priority by this Administration. By comparing the FY 1981 and 1986 requests after deleting the business-related functions, a dramatic decline in energy R&D is evident. This decline is partly obscured in the Administration's FY 1986 budget request which includes $2.4 billion for weapons R&D and $685 million for general science activities in the FY 1986 energy R&D budget category. When these non-energy-specific items are removed from the FY 1986 energy R&D budget, the Administration requested only 20%, or $2.3 billion, for energy R&D programs, while in FY 1981 the DOE energy R&D budget was $5.9 billion, or about 60% of the total budget. If national policy continues reducing energy R&D spending, we will soon find ourselves without technology for full development of domestic sources of energy. The result will clearly be to increase our reliance, once again, on unstable foreign imports

NEED FOR REVISED FEDERAL ENERGY R&D PRIORITIES--The urgency in establishing a consistent federal policy of providing adequate funding for fossil fuels research is evident when you examine the source of energy supplies during the next 25 years. (See Exhibit 1). In 1986 DOE would assign only 20% of its energy R&D funding to fossil fuels research while the U.S. is projected to meet 75% of its energy needs in the year 2010 from oil, gas, and coal. The budget for nuclear energy research is so much larger than the combined DOE research programs in fossil energy and conservation R&D that it totally makes a myth of a balanced energy program. Maintaining adequate program funding is critical if the U.S. is to successfully develop the full potential of our vast domestic fossil resources.

NEED FOR DOE FUNDING OF NATURAL GAS R&D--Natural gas will continue to maintain an important role in a highly competitive energy mix throughout the remainder of the century. (See Exhibit 2). Establishing the technology base to fully develop these supplemental supplies requires a lead time of 10-15 years. The current gas deliverability surplus and softening of world oil prices provides the opportunity to pursue this critical technology development in an orderly fashion rather than on a crash basis. To do so, the gas industry is recommending a total of $162 million for gas-related research in the DOE Fossil and Conservations budgets. (See Table 1)

DOE FY 1986 ENERGY R&D FUNDING PRIORITIES--The proposed FY 1986 Fossil Energy program is $242.7 million--down approximately 30% from the FY 1985 appropriated level of $347 million. More importantly, the request for new budget authority is only $157.9 million. To fully fund even the reduced program as proposed requires the use of $85.8 million in previously appropriated funds including approximately $46 million of deferrals. The proposed reduction in gas-related research funding in the DOE Fossil and Conservation R&D programs is even more startling. (See Exhibit 3). It drops from an appropriated level of $100.5 million in FY 1985 to a requested $56.8 million in FY 1986. The Administration's proposed FY 1986 gas research budget certainly does not provide stable funding for a core program of long-term gas research.

GAS RESEARCH INSTITUTE'S 1986 BUDGET--The response of the gas industry to the federal R&D policy of industry's funding more of its own near-term research has been rapid and impressive. GRI will propose to its Board of Directors in April a 1986 budget of $164 million--an increase of $32 million from the FERC-approved 1985 budget of $132 million. (See Exhibit 4). Near-term research, which accounted for under 40% of GRI's R&D budget in 1981, accounts for 80% of the 1985 budget.

RECOMMENDED DOE FY 1986 LONG-TERM GAS-RELATED RESEARCH PROGRAM--Below are important long-term areas of gas research previously supported by this Committee which require continued federal funding.

FOSSIL ENERGY	FY 1984 Appropriation	FY 1985 Appropriation	GRI FY 1986 Recommendation
Surface Coal Gasification	$36.79M	$31.99M	$40.50M

For coal gasification to have a significant impact, it is necessary to validate the needed economic and design data by the early 1990s. Of particular importance is the development of advanced processes that can use high-sulfur Eastern coals and coal fines. Continued federal support in FY 1986 of $9 million is needed for technology development of the Westinghouse agglomerating-ash fluidized-bed process.

As a result of Section 321 of the Continuing Appropriations for FY 1985 (PL 98-473), GRI has submitted a proposal to DOE for cost sharing by both industry and DOE to build a coal gasification test facility at an existing large-scale coal conversion facility to take advantage of the infrastructure and support systems that are already in place. DOE, following a limited study, has concluded that a program of this character could be carried out at approximately 1/3 the cost of a stand-alone facility. Funding of $8 million in FY 1986 is required to provide the detailed design and planning for the test facility.

Federal support is needed to continue research programs in improved catalysts, materials, components, and instrumentation. A viable DOE program requires funding of $8.5 million.

	FY 1984 Appropriation	FY 1985 Appropriation	GRI FY 1986 Recommendation
Fuel Cells	$16.20M	$17.82M	$14.00M

A fuel cell power plant installed onsite at a multifamily residential, commercial, or light-industrial building can supply all of the electrical and heating requirements with less energy than is now required for just heating. The gas industry and GRI in 1982 made a major commitment in funding for onsite phosphoric acid fuel cell systems to offset the loss of DOE funds for near-term research. GRI has now totally assumed the cost of the joint DOE/GRI program to field test the phosphoric acid fuel cell units. At the end of 1984, 33 of the 47 units had been installed in 15 states and had accumulated 72,000 operating hours. (See Exhibit 5).

A separate four-year technology development program was initiated in late 1982 by this Administration under a 50-50 cofunded joint effort with DOE and GRI for the purpose of increasing reliability and lowering the costs of these onsite fuel cell systems. The DOE-funded elements of this four-year program require $20 million. The FY 1986 funding required for the DOE commitment is $7 million. The DOE work concentrates on the fuel cell stack; the fuel processing system, including catalyst research; the inverter; and specialty heat exchangers. The parallel $20 million GRI-funded elements of this four-year joint program concentrate on the near-term aspects. Also, in view of the potential high efficiencies and net fuel savings that will be derived from the development of the solid oxide fuel cell, GRI recommends a budget of $4.0 million for FY 1986 for continued work in solid oxide fuel cells.

	FY 1984 Appropriation	FY 1985 Appropriation	GRI FY 1986 Recommendation
Unconventional Natural Gas	$15.50M	$10.24M	$18.00M

The National Petroleum Council's (NPC) estimate of an additional 200 Tcf of reserves from advanced technology for tight lenticular formations and Devonian shales illustrates the potential and rationale for assigning a high federal priority to this research. Federal funds at a level matching GRI's $10 million should be appropriated in the DOE FY 1986 budget to continue long-term research on the tight gas lenticular sands. This research should continue the multiwell test facility activities with emphasis on developing improved diagnostic techniques to assist in determining the size, shape, direction, and length of fractures.

DOE research to recover gas from Devonian shale found in nine Eastern states should be continued. Better techniques to fracture the shale and link the shales natural fracture systems to the wellbore must be developed to allow the gas to flow. Funding of $8 million by DOE is required in FY 1986 for improved fracturing techniques and to initiate the Offset Well Experiment. GRI will fund $7.5 million in 1986 for near-term research in the Devonian shales.

CONSERVATION	FY 1984 Appropriation	FY 1985 Appropriation	GRI FY 1986 Recommendation
Gas Heat Pump and Prime Mover	$ 3.00M	$ 4.60M	$11.00M

Technology-based research is needed on an advanced gas prime mover and compressor necessary to produce a competitive heat pump for residential and commercial markets by 1990. Achieving this goal requires a joint DOE/GRI program with DOE funding approximately $11 million in FY 1986 and GRI funding $13 million. (See Table 4).

The gas heat pump not only offers increased efficiency over gas-fired space conditioning equipment but also provides heating and cooling in a single unit at a lower overall cost than would otherwise be possible. Several attractive long-term technologies, specifically, free-piston Stirling engines and free-piston internal combustion engines, show a good probability of providing the reliable, long-life, high-efficiency operation required of heat pump systems. Multiple programs are needed due to the relatively early stage of development and high technical risk.

GEOSCIENCES RESEARCH IN THE DOE BASIC RESEARCH PROGRAM--$35 MILLION--GRI is recommending a commitment of $35 million within the $1.74 billion budget for DOE's Office of Energy Research for geosciences research. Three of the most important areas requiring a long-term geosciences basic research program are: (1) geopressured gas resources--$16 million, (2) methane hydrates--$3 million, and (3) deep source gas--$4 million. The potential of these long-term gas resources is so huge that if successfully developed, they could provide abundant supplies of natural gas for the next 100 years. However, there is so little actual knowledge or understanding of the geochemistry and geophysics of the resources that a major federal effort is required.

SUMMARY--A viable, consistent long-term gas research budget of $162 million for DOE's Fossil and Conservation programs is needed in FY 1986 to insure affordable domestic gas supplies and end-use equipment in the future. This recommendation continues the programs approved by Congress over the past four years and is equaled by GRI's planned 1986 budget of $164 million.

Table 1
GAS INDUSTRY FY 1986
DOE FOSSIL AND CONSERVATION BUDGET RECOMMENDATIONS
($ Millions)

FOSSIL	
Advanced Research and Technology Development	$ 13.5
Surface Coal Gasification	40.5
Underground Coal Gasification	8.0
Fuel Cells	23.0
Unconventional Natural Gas	35.0
Eastern Oil Shale Gasification	2.0
TOTAL	$122.0
CONSERVATION	
Heat Pumps and Prime Movers	$ 11.0
Building Systems/Indoor Air Quality	4.0
Industrial	12.0
CNG Vehicle Development	5.0
Gas Combustion/Select Use	5.0
Advanced Gas Turbine Development	3.0
TOTAL	$ 40.0

Table 2
CONGRESSIONAL APPROPRIATIONS FOR DOE GAS-RELATED RESEARCH
($ Millions)

	FY 1984	FY 1985	Admin. Request FY 1986
FOSSIL ENERGY			
ARTD	$ 12.00	$ 15.10	$ 7.20
Gasification	42.80	39.80	15.80
Fuel Cells	16.20	17.80	9.30
Unconventional Gas	13.50	10.20	8.90
LNG Safety	3.30	2.00	1.80
Subtotal	$ 87.80	$ 84.90	$ 43.00
CONSERVATION	24.30	15.60	13.80
TOTAL	$112.10	$100.50	$ 56.80

Table 3
OFFICE OF ENERGY RESEARCH BUDGET*
($ Millions)

	FY 1984 Appropriations	FY 1985 Estimate	FY 1986 Request
High Energy & Nuclear Physics	$ 638.2	$ 727.8	$ 683.0
Fusion Energy	470.8	437.0	390.0
Basic Energy Sciences	337.3	422.6	409.8
Biological & Environmental Research	184.0	190.5	186.3
Advisory Assessment & Support	54.5	52.4	68.1
TOTAL	$1,684.8	$1,830.3	$1,737.2

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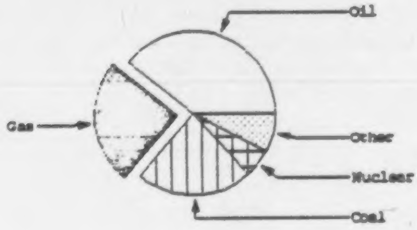
*Excludes advisory and oversight program direction and policy management.

Table 4
HEAT PUMP BUDGET REQUIREMENTS SUMMARY/FY 1986
($ Millions)

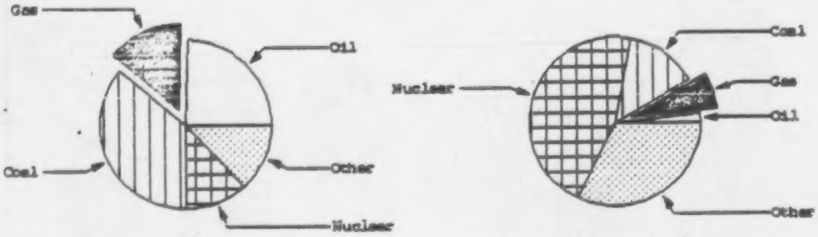
		DOE	GRI	Total
SYSTEMS DEVELOPMENT		$ 5.5	$10.2	$15.7
Absorption	$5.1			
Stirling	5.6			
I.C. Engine	5.0			
NEW CONCEPTS EVALUATION		0.8	0.4	1.2
SUPPORTING RESEARCH		4.0	1.9	5.9
Absorption	$2.0			
Stirling	2.4			
I.C. Engine	1.0			
Other	0.5			
SYSTEMS ANALYSIS		0.8	0.6	1.4
TOTAL ANNUAL BUDGET		$11.1	$13.1	$24.2

Exhibit 1

U.S. ENERGY NEEDS



1985



2010

1985 DOE R&D Fuels Budget
(Excluding weapons and basic research)

Exhibit 2

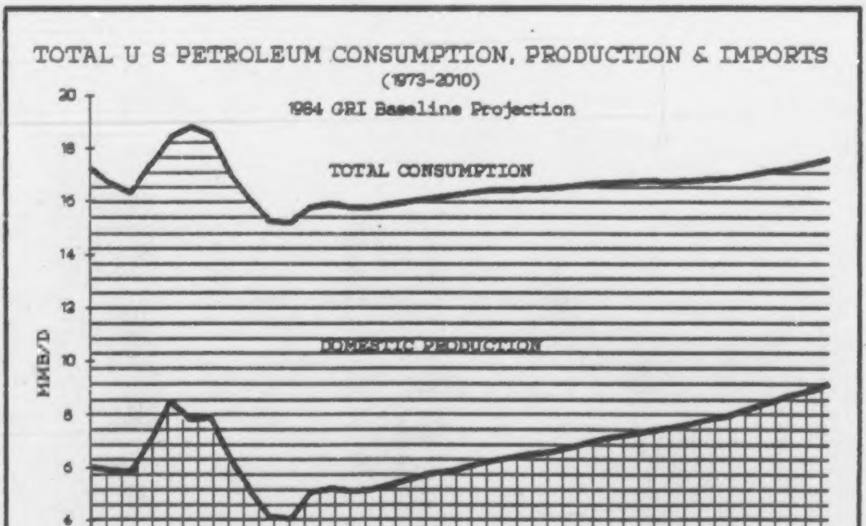


Exhibit 3

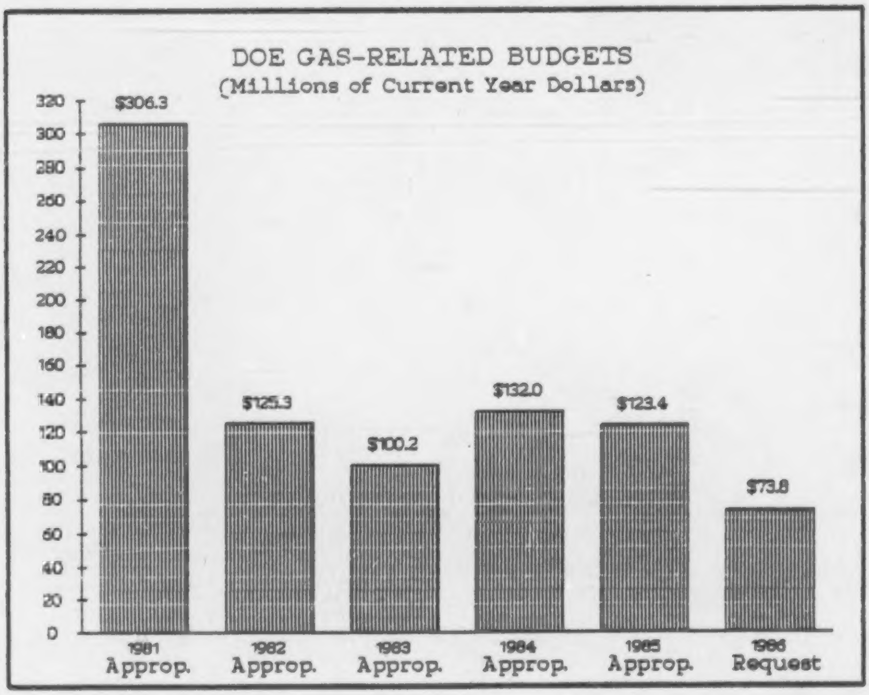


Exhibit 4

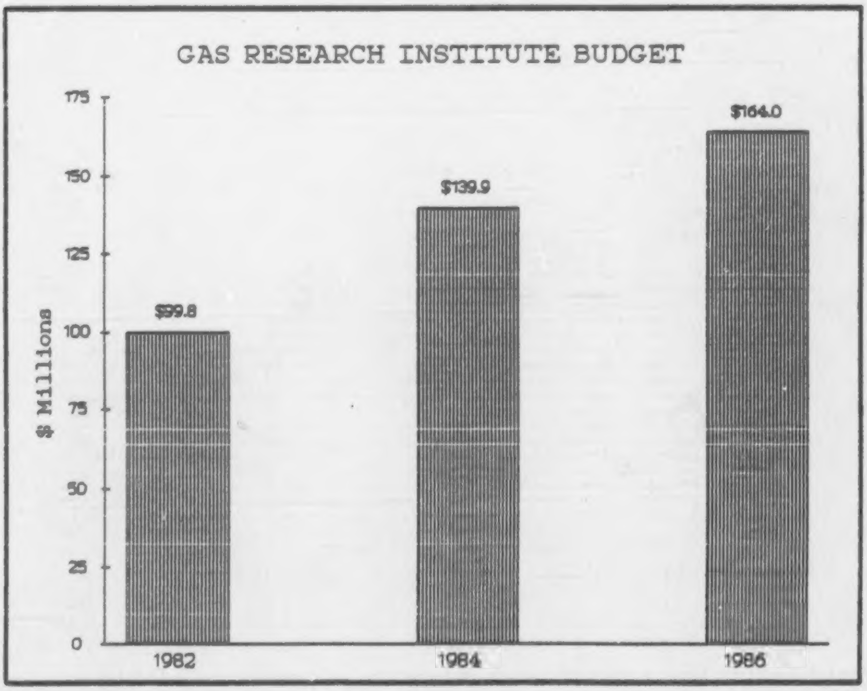
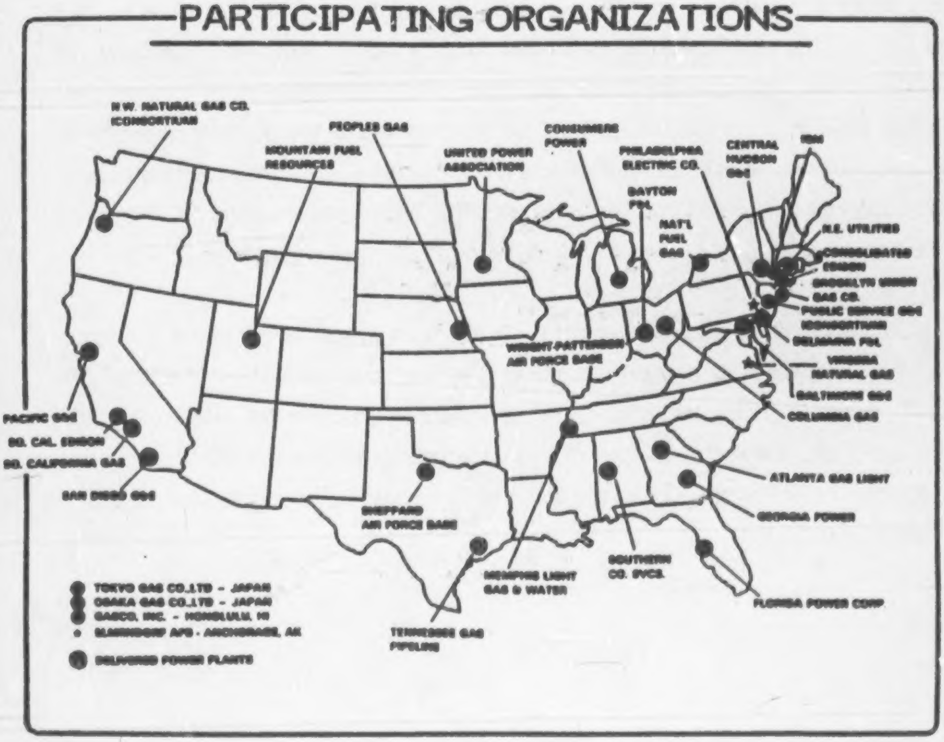


Exhibit 5

PARTICIPATING ORGANIZATIONS


N.W. NATURAL GAS CO. (CONSORTIUM)
PEOPLES GAS
MOUNTAIN FUEL RESOURCES
UNITED POWER ASSOCIATION
CONSUMERS POWER
PHILADELPHIA ELECTRIC CO.
CENTRAL HUDSON G&E
DAYTON P&L
NAT'L FUEL GAS
N.E. UTILITIES
CONSOLIDATED EDISON
BROOKLYN UNION GAS CO.
PUBLIC SERVICE G&E (CONSORTIUM)
DELMARVA P&L
VIRGINIA NATURAL GAS
BALTIMORE G&E
COLUMBIA GAS
WRIGHT-PATTERSON AIR FORCE BASE
PACIFIC G&E
SO. CAL. EDISON
SO. CALIFORNIA GAS
SAN DIEGO G&E
SHEPPARD AIR FORCE BASE
ATLANTA GAS LIGHT
GEORGIA POWER
MEMPHIS LIGHT GAS & WATER
SOUTHERN CO. SVCS.
FLORIDA POWER CORP
TENNESSEE GAS PIPELINE
TOKYO GAS CO.,LTD - JAPAN
OSAKA GAS CO.,LTD - JAPAN
GASCO, INC. - HONOLULU, HI
ELMENDORF AFB - ANCHORAGE, AK
DELIVERED POWER PLANTS

INDIAN HEALTH SERVICE

STATEMENT OF THE SHIPROCK HOSPITAL STEERING COMMITTEE

This Shiprock area citizens' committee was established in November 1984 primarily to effect the planning and modernization of the present Shiprock, New Mexico, Indian Health Serivce (IHS) Hospital. The committee formed out of the citizenrys' concern of the continued poor hospital facilities and related inadquacies of health care delivery. The committee consists of 40 or so volunteer members of the Shiprock area who are concerned about the present inadequacies of the Shiprock IHS medical facilities. The committee has enlisted the support of 21 chapters (local Navajo governmental political subdivisions) and other local organizations.

The Shiprock Hospital Steering Committee (SHSC) is recognized by the Health and Human Services Committee of the Navajo Tribal Council, Window Rock, Navajo Nation, (Arizona). The SHSC's functions include the establishment and coordination of various relationships with relevant tribal, federal, state or other private organizations to minimize modernization delays, to advocate for an appropriate plan and design for the modernization, and to keep the general public informed.

DESCRIPTION OF PROBLEMS

- Inadequate facilities and staffing - inadequate parity in health care. Presently, the IHS has ranked the Shiprock Hospital *second in priority* in terms of the need for facilities. Of the 47 IHS hospitals in the United States, Shiprock ranks in the top five in several IHS workload statistics (#4 in Outpatient visits; #3 in birth and inpatient days; #5 in adult and pediatric inpatient days) despite having one of the oldest facilities. One of twelve of all Indian babies in the IHS system are delivered at the Shiprock Hospital. Last year, some 92,000 outpatient visits, an increase of 23% over previous years, were recorded. The Health and Human Service Department, meanwhile, in its FY 1986 "Justification of Appropriation Estimates for Committee on Appropriations", estimates a 0.1% *decrease* in total IHS outpatient visitations.

The Shiprock Hospital, constructed in 1959, also is the third oldest facility of the ten busiest IHS hospitals. When the Anchorage facility is renovated, the Shiprock hospital will most likely rank second in age by IHS standards. The current hospital in Shiprock has far too little space to accomodate the largest regional Navajo population estimated at 36,125 Navajo people by the IHS Population Statistics Branch in 1984. The IHS projects the 1991 population to be at 41,932 Navajo people. The present 50 bed hospital was originally built as a 75 bed hospital. But due to chronic staff shortages, particularly in nursing areas, and from trying to conform to accreditation standards, the hospital now has reduced its capacity to 50 beds. Space is so critical that parts of the hospital's functions, Maternal Child Health Services, Mental Health, Emergency Medical Technicians, Veterans Administration Counselors, are housed in trailers. Primarily because of its inadequate facilities and staffing, the Shiprock Hospital is presently accredited as a 50-bed facility by the Joint Committee on Accreditation of Hospitals and the Medicare Standards established by the Health Care and Financing Administration.

Patients must sometimes sleep in the hallways without necessary privacy, exposed to disease or they must be transferred to other hospitals a great distance away from their families. Likewise, based on the size of the current facility, there is not enough physician and nursing positions to provide adequate acute care medicine, much less preventive medicine which is so desparately needed. Despite the incredible workload described above, the hospital lacks an authorized Intensive Care Unit.

Like other Americans, Navajos, residing on the Navajo Nation, are susceptible to common diseases such as cancer or atherosclerosis. However, because of inherited poor living conditions, Navajos are very susceptible to additional diseases like poor nutrition, dysentery, or tubercolosis. Demographers predict a continuing rapidly growing population. The next nearest IHS hospital is 100 miles away. There is no way this hospital can handle future projected workloads. Good health is essential to Navajo survival. A modernized hospital in Shiprock would have major positive impact on the future of the Navajo.

Eversince 1959 when the facility was constructed, we have known, as patients and clients of the hospital that it was not adequate enough. Clients have to wait at times three to four hours to see a doctor. The doctors themselves are overworked, given the large amounts of persons coming to the hospital. One doctor estimates that ten minutes per patient is all that he can afford, because he knows of the backlog of persons waiting to be seen. He knows of the three to four hour waiting period of the patients. Because of the bilingual (Navajo-English) nature of the area, most of the ten minute sessions is consumed merely translating from English to Navajo needed information.

FACT SHEET ON SHIPROCK HOSPITAL

Listed below is a comparison of the present facility and the proposed facility mainly using 1983 Indian Health Service figures and calculation bases: (Document source: 1985 Draft Program Information Document, Shiprock Comprehensive Health Facility, # 1512K):

CRITERIA	PRESENT FACILITY	PROPOSED FACILITY
Date of Construction	1959	ASAP
Square Footage Gross		146,570 w/mechanical sp
Land Acreage Used/Needed	40.683	40.683
Population Projections	36,125 (1985)	41,932 (1991)
Admissions	3,379 (1984)	3,821 (1991)
Average Length of Stay	4.4 days (1984)	4.6 days (1991)
Patient days	14,596 (1984)	17,684 (1991)
Facility beds	50 (1985)	75 (ASAP)
Deliveries/Births	974 (1984)	1,083 (1991)
Emergency Visits	16,186 (1984)	3,156 (1991)
Inpatient Visits	na	na
Outpatient Visits	90,913 (1984)	
Scope of Services:		
• Inpatient Services (ICU, obstetrics, pediatrics, surgical, gen medical care)	Existing w/o staffing or adequate floor space	Proposed
• Diagnostic Services (Clinical labs, radiology capable of fluoroscopic exams)	•	•
• Outpatient Services Clinics (diagnostic & treatment fac, emergency trmt & cast room, Well baby clinic, family planning, mental health, alchohol/drug abuse, nutrition services, dental services and prevention)	•	•

• Administrative/Support Svc. (Admin/management, Dietary, Central Stores, Maintenance)	•	•
• Community Health (admin for Community Health Nursing, Public Health Nutrition, Environmental Health, Health Education, Mental Health, Social Services)	•	•
• Data Processing (centralized info processing system inclusive of nursing plans, medication, protocol, lab info, billing information.)	•	•

Staffing:

Acute Care	62	78.9 (+16.9)
Nursery	OB Staff	
Intensive Care Nursing	0	10 (+10)
Delivery/Surgical	11	12 (+1)
Laboratory/Pathology	7	13.5 (+6.5)
Radiology	5	5.6 (+.6)
Emergency	Staff from Outpatient	
Outpatient Department	32.5	50 (+17.5)
Community Health Department	32	77 (+ 45)
Dental Clinic	14	33 (+ 19)
Pharmacy	6	19 (+13)
Physical Therapy	1	5.5 (+4.5)
Respiratory Therapy	0	5.5 (+5.5)
Renal Dialysis	Contracted	
Administration	17	25 (+8)
Health Records (OA)	6	17.1 (+11.1)

Employee Facilities	No Staff	
Consulting/Training	No Staff	
Public Facilities	No Staff	
Central Sterile	0	7.6 (+7.6)
Central Stores	3	11 (+8)
Dietetics Services	11	27.5 (+16.5)
Housekeeping & Linen	6	12 (+6)
Maintenance	7	19.3 (+12.3)
Building Services	No Staff	
Totals	220.5	429.5 (+209)
Housing (Quarters)	50 (63 needed now)	92 additional
Site Information:		
Parking (Staff, Official Visitors, GSA Vehicles, Outpatients, Visitors)	Need more space	382
Garage	-	proposed
Loading Dock	-	-
Ambulance Entrance	-	-
Main Entrance	-	-
Previous Efforts @ Construction	• 1974 a completed design, costing $800,000 was completed for a 125-bed hospital; project was not funded for construction because Congressional support dissipated. Navajo Tribal Council also dropped Shiprock's #1 ranking. Community support was lacking as well.	

STATEMENT OF THE FORT DEFIANCE STEERING COMMITTEE, INC.

This testimony requesting FY 86 planning funds for a Comprehensive Health Care Facility for the Indian people residing in the Fort Defiance Service Unit of the Navajo Area, Indian Health Service, is being submitted by the Fort Defiance Hospital Steering Committee. The

Committee was formally established during the summer of 1984 and is now incorporated as a non-profit organization. It consists of a cross-section of community persons from throughout the Service Unit who are vitally concerned regarding the present and future health needs of the people.

I. DESCRIPTION OF EXISTING FACILITY

The present IHS hospital in Fort Defiance was built in 1938 and is the oldest hospital on the Navajo Reservation. The hospital, with some 66,000 square feet, was originally built to house 159 beds and now provides 68 beds, due to remodeling over the years to address new needs and changing requirements. However, the building, although it has served well, is long-since out-dated and inadequate in terms of offering modern patient care. It is inefficient to operate and costly to maintain, requiring frequent repair or replacement of mechanical, electrical, and other equipment.

The existing needs are recognized by the Indian Health Service and Administration as demonstrated by the recommended allocation of $650,000 in the FY 86 budget for repair. However, real modernization of this facility would be prohibitively expensive. Replacement of worn out mechanical and electrical systems, improved structural safety, not to mention modern heating and ventilation systems and other pressing needs, would cost several million dollars.

There is also no space available on the present site for expansion of facilities. Many auxillary services connected with the hospital are presently located in trailers or old BIA facilities within a half-mile radius of the hospital.

II. DESCRIPTION OF SERVICE NEEDS

The Fort Defiance Service Unit encompasses a steadily increasing resident population of some 23,000 persons, plus numerous others who utilize the hospital when in Window Rock of Fort Defiance on tribal or other business. The resident population is spread over 2,800 square miles, much of which is served only by dirt roads virtually impassable during bad weather. The most populous portion of the Service Unit is along the Black Creek Valley, from St. Michaels, AZ to Navajo, N.M., including the growth areas of Window Rock and Fort Defiance.

This area includes the Tribal capital and main offices for many agencies serving the reservation. Two new high schools are being constructed in this area, along with many new housing units and a slow but steady expansion of small industry.

A new comprehensive health care facility is drastically required to serve the growing population, to expand services to address changing needs and to ensure the accessibility of necessary services.

It has been suggested by some that IHS facilities in Gallup, N.M., the new IHS facility in Chinle and the private hospital in Ganado, would reduce the overall patient requirements of the Fort Defiance Hospital to a point where only routine, primary level hospital care and outpatient clinics would be necessary. This has not proven to be true.

Gallup, N.M., is 35 to 100 miles from the population of the Fort Defiance Service Unit, over heavily used roads with high accident rates that are extremely hazardous in the winter. The Gallup Indian Medical Center is already heavily utilized, has no plans for expansion and would find it impossible to absorb even a significant portion of the Fort Defiance workload.

The new Chinle facility is 75 miles from the population center of the Fort Defiance Service Unit, again over roads that are extremely hazardous during the winter. This facility will service some persons from the western portion of Fort Defiance, but this will provide limited relief from the existing workload.

Ganado is a minimum of 35 miles from the more populous portion of the Fort Defiance Service Unit and on the other side of the Fort Defiance plateau which can delay or prevent accessibility during the winter. The hospital there is small and provides basic care to a limited number of inpatients, although it does have active outpatient clinics. It could not possibly provide the level of care necessary for the entire Service Unit.

The Fort Defiance Hospital, despite its limitations, continues to provide a steady volume of inpatient and an extremely high volume of outpatient services. Any reduction in inpatient load due to the opening of the Chinle facility will be more than offset in a few years due to continued population growth in the Navajo to St. Michaels area.

Presently, the services provided to the Fort Defiance Service Unit population includes delivery of over 1,000 babies per year and over 20,000 days of inpatient care, including 1,000 days of intensive care and 960 surgical cases. Some 3,000 kidney dialysis treatments are now contracted out, requiring extensive travel and undue disruption of the lives of patients and their families. Over 70,000 patient visits are made annually to general medical, pediatric and Ob-Gyn clinics; over 37,000 patient visits to dental clinics; over 6,000 patient "encounters" are provided by Community Health nurses. The average length of stay for patients in the Fort Defiance Hospital is only 4.3 days (FY 84), compared to a national average of about 6.7 days (FY 83). Patient care is intense and demanding of staff time and energy. While some inpatient services are provided outside the Service Unit, more of these services should be provided locally to enable seriously ill patients, especially more traditional and limited-English speaking persons, to have the full support of their families.

III. FUTURE NEEDS

Ever since the hospital was built in 1938, health care providers within the Navajo Nation have been trying to catch up with the health problems of the Navajo people. Although noteworthy accomplishments have been attained, the catch up situation still exists, due to the scope of the problems and the limited resources and personnel available. Many basic health problems afflicting the Navajo people remain at levels well above those of the general population. This situation is being complicated by the fact that Navajos are now rapidly encountering the more complex diseases of modern society.

The Navajo people, and health care providers, are facing a transition from problems caused by improper sanitation to those caused by poor nutrition. Tuberculosis has been reduced only to face an increase in heart problems. Motor vehicle accidents are the major cause of death among the Navajo people and occur at a rate five times the national average. Suicide, homicide and cirrhosis of the liver are increasing causes of death at levels well above national averages. The neo-natal mortality rate (for babies up to one month old) has fallen below the national average; but the death rate for infants up to one year of age remains above the national average.

A variety of health-promoting interventions is essential to cope with these and other problems. New and improved facilities and additional staff with appropriate skills are required to successfully respond to the changing needs. The Navajo people have been educated to seek professional help when they need it, but adequate and efficient service must be available. The growing recognition nationally and locally that prevention of disease is far more significant than treatment requires sufficient resources and staff for such efforts to become a reality.

IV. SUMMARY

The Fort Defiance Hospital Steering Committee requests members of Congress and the Administration to carefully consider the long-term health needs of the people of the Fort Defiance Service area. The Committee has devoted extensive time and effort to determining present and future needs. The Committee's objectives have been been endorsed by the Service Unit Health Board, the Navajo Area Indian Health Services Advisory Board, the Agency Council, the Tribal Administration, the Navajo Chapters within the Service Unit, and many other organizations.

The proposed facility is presently fourth on the national priority list of the Indian Health Service for replacement. The official program documents required for planning are undergoing final revision. Construction of a new facility could require as much as seven years. We urge Congress to appropriate planning funds in FY 86 to ensure that the health needs of the Navajo people served by the Fort Defiance Hospital can be adequately addressed in the future.

Thank you for your consideration.

STATEMENT OF THE NAVAJO NATION

Mr. Chairman, members of the Committee. The people of the Navajo Nation appreciate this opportunity to present for your consideration the views of our government regarding the FY 1986 Indian Health Service budget request. In our view, the budget request is unacceptable and should be rejected by the Committee because (1) it does not adequately address the health status needs of Indian people, (2) it does not satisfactorily resolve longstanding IHS management issues and problems, (3) it is inconsistent, misleading, and inaccurate in its presentation, and most significantly, (4) it does not present sound approaches towards the solution of most of the major professional, financing, and management problems confronting IHS.

The FY 1986 budget request is not responsive to the health status needs of our people because acknowledged serious health problems and high priority health status needs are not targeted for adequate appropriations and indeed are all scheduled for reductions. For example, four of the top ten leading causes of death among Indian people are related to alcohol abuse and alcoholism. Motor vehicle accidents kill more Navajos than any other cause, the majority of which are alcohol-related. By IHS's own calculations, the Navajo Area deficiency level for alcohol program efforts exceeds 78%. Yet the Administration proposes to reduce the alcohol program appropriation by $1.2 million (5%) in FY 1986. Other examples include:

- Community Health Nursing

  Deficiency level = 78.5% Reduced by $372,000 (3%)

  Additional resources needed = $5.7 million
- Health Education

  Deficiency level = 80.3% Reduced by $115,000 (3%)

  Additional resources needed = $1.3 million
- Mental Health

  Deficiency level = 52.5% Reduced by $129,000 (1%)

  Additional resources needed = $1.2 million

- Emergency Medical Services

  Deficiency level = 49.7%   Reduced by $1,306,000 (100%)

  Additional resources needed = $1.8 million

- Community Health Representative Program

  Deficiency level = 83.5%   Reduced by $3,066,000 (100%)

  Additional resources needed - $13.9 million

- Sanitation

  Deficiency level = 59.4%   Reduced by $412,000 (2%)

  Additional resources needed - $3.7 million

- Sanitation Facilities Construction

  Reduced by $25.2 million (100%)

  Additional resources needed = $138 million

- Contract Health Care

  $1.3 million in additional funding is needed to provide Priority III level of care.

In addition to these proposed program reductions, funding for facilities construction projects has been eliminated again this year - in the face of admitted facility deficiencies in all areas. This decision is based on the rationale that "postponement of new and replacement facilities" is justified due to the "growing backlog of projects." The funding appropriation for maintenance and repair is also targeted for reduction. IHS continually speaks of quality of health care services provided, but the dilapidated condition of some existing facilities makes it increasingly difficult to meet the standards of the Joint Committee on Accreditation of of Hospitals certification. In turn, this jeopardizes collection efforts with respect to third-party reimbursements.

For example, the Fort Defiance (AZ) IHS Hospital was built in 1938 and is scheduled for replacement (4th on the IHS national priority listing). In addition, the Shiprock IHS Hospital, also in the Navajo

Area, is scheduled for a major renovation (2nd on the priority list). In view of the workload carried by Navajo Area, what does IHS plan for these construction projects? What impact will the postponement have on quality of care and accreditation in these two existing facilities? Similar questions must be raised regarding plans for ambulatory care facility planning and construction for the Navajo Area.

Staff housing is another major issue. Significant strides have been made by IHS in the hiring of local community people to staff inpatient and ambulatory care facilities. However, large numbers of professional medical staff must still come from outside the area in which the facility is located. In most rural reservation areas, such as the Navajo Nation, there is little or no housing available - and health care professionals will not live in trailers. Without housing, staffing needs cannot be met, regardless of other budget considerations. Yet IHS proposes to eliminate quarters construction dollars from the FY 1986 budget. Navajo Area IHS has identified a current need for 381 units of quarters. The replacement of substandard housing units and trailers raises this figure to 471. How will this need be met?

A related question has to do with the re-opening of clinics previously closed due to budget deficiencies. Navajo Area has identified eight such facilities. $1.3 million in additional funding is needed to re-open these clinics (for 51 positions and 25 quarters).

Finally, funding support for urban Indian health programs has again been proposed for elimination based on the argument that Indian people who reside off-reservation are eligible for alternative health care services. We do not accept this rationale. Navajos who reside in Phoenix or Albuquerque should not be ineligible for IHS care simply by virtue of where they live.

The FY 1986 budget request does not satisfactorily address outstanding IHS management problems and issues because (1) only special inhouse issues are targeted for consideration and in ways that do not focus on larger problems of comprehensive health care delivery and (2) glaring discrepancies continue to prevail in the way that IHS apportions budget dollars in comparison to workload and other operational variables. For example, the budget request includes a $2 million increase to supplement the development of an automated Resource and Patient Management System (RPMS), which we support. Yet little has been done by IHS to justify the administrative costs associated with the operations of Albuquerque "Headquarters West" and Tucson's Office of Research and Development (together about $5.5 million). In addition, the decisions to (a) make $5 million available for indirect costs associated with tribal contracting under P.L. 93-638, apparently taken from service dollars in the Hospitals and Clinics line item and (b) to eliminate altogether funding for tribal health management development contribute nothing to the development of comprehensive health care delivery systems, something we believe is central to the mission of Indian Health Service.

Also of critical importance is the unwillingness of IHS to approach directly the issue of rationally distributing resources in such a way as to achieve maximum impact on health status problems. This is only partly an issue of budget equity. We believe it to be a paramount matter of good management. For example, area budget allocations, if compared to staffing and workload data, are puzzling when scrutinized for any underlying methodology: (1) the Navajo Area service population is twice that of Phoenix Area (17% of the national Indian population), yet Navajo Area receives only about 25% of budget dollars than Phoenix area; (2) Navajo Area has the largest number of inpatient admissions (18,638 in FY 1984), outpatient visits (628,055), and births (4,290) in the IHS system, which represent, respectively 19%, 24%, and 34% of the total IHS workload, yet Navajo Area receives only 14% of the IHS budget; (3) even the Shiprock (NM) Service Unit in the Navajo Area does more more work than the four smallest IHS Area and Program Offices; (4) Navajo Area has 128 staff positions in administration (only 106 of which are filled), while Phoenix Area has 162, Aberdeen has 147, and Anchorage and Billings have 201 and 111, respectively; and (5) the Tucson Program Office, which has a service population of only 18,000 (the smallest in the IHS system), spends over 15% of its budget on administrative costs (79 authorized management positions), while the Navajo Area (with 165,597 population) spends 96% of its budget for patient care.

The budget request for IHS for FY 1986 is inconsistent, misleading, and inaccurate because (1) it presents a conflicting focus on acute clinical care versus preventive health and (2) the format is designed in such a way as to refer to program funding levels as if they represent "increases" over FY 1986 when in reality they constitute net dollar losses. For example, prevention is identified as a major initiative for FY 1986, yet all preventive health program funding levels are reduced based on the policy justification that budget resources are to be concentrated on direct clinical care operations. Hospital and health clinic programs are described as "roughly the same as the 1985 level," while budget figures show a $10.7 million (or 3%) program decrease. The mental health request is referred to as "a slight increase over the 1985 level," while the dollars available for program use are listed as being reduced by $129,000. The same inconsistency is true for alcohol program operations.

Finally, the request for IHS FY 1986 operations does not provide any evidence that the IHS or the parent Health Resources and Services Administration has done any serious thinking about possible alternatives in resolving major professional, financing, and management problems which have plagued IHS for at least the past four years. The same unworkable management strategy is being utilized in the face of shrinking budget resources; shrink the program! For example, primary care providers at the Indian Health Service Hospital in Shiprock, NM, often see upwards of 50-60 patients a day, which makes it impossible for them to provide comprehensive quality medical care for their patients. Yet preventive health program appropriations are to be reduced and the Community Health Representative Program is to be eliminated, two programs which could have significant impact on patient utilization patterns and thus the cost of delivering medical care services. Instead of looking at alternatives such as these, IHS chooses to attempt to maintain program service levels for acute care, while making up the increased collections from the only major third-party payer available, the Federal government. This strategy will only ensure the impossibility of maintaining a quality baseline health care benefits package for Indian people in the face of rising medical care costs. The result is a sometimes willful, sometimes bumbling erosion of the Federal trust responsibility for Indian health care through continually redefined services for fewer beneficiaries, fewer specialty services in favor of more basis primary care, and services of increasingly questionable quality, all delivered at increasingly higher unit costs.

We thank you for your time and concern. We stand ready to work with both the Congress and IHS to develop realistic budgets to meet the health care needs of the Navajo people.

STATEMENT OF THE SEATTLE INDIAN HEALTH BOARD

For the past ten years, the Seattle Indian Health Board has provided statements to this Committee documenting the need for funding of Indian health programs in urban areas. This need has not diminished over the years, and we are again asking for your support to enable us to continue our efforts toward improving the status of Indian health.

The Seattle Indian Health Board celebrates its fifteen year anniversary this year. For fifteen years, we have been providing primary medical care to an urban Indian population which has come to recognize the Health Board as their primary source of health care. Today, the Health Board has a registered patient population of over 20,000, with over 8,000 individual medical and dental clinic users in a one-year period. During fiscal year 1984, medical and dental visits alone numbered 27,186. In addition to medical and dental visits, 26,301 other health visits were made. Other health visits included mental health, nutrition, family planning, outreach, optometry and alcoholism services.

A recent analysis of duplication of patients throughout the Seattle community clinic system was conducted by the Community Clinic Strategic Planning Committee. This analysis, based on State Medicaid billing records, indicated there was virtually no duplication of services to Seattle's Indian population; and, that the Seattle Indian Health Board was the primary source of medical care to this population. This analysis supports the findings of previous studies over the years which document the need for continued availability of health care services through the Seattle Indian Health Board.

The Health Board will be seeking JCAH (Joint Commission on Accreditation of Hospitals) accreditation as an ambulatory health care clinic this Fall. Compliance with standards for continued accreditation will ensure the highest quality of care to Seattle's Indian population.

The Health Board also began this year the extensive evaluation phase of its three-year Mott Foundation-funded Teen Indian Pregnancy and Prevention Services Program (TIPPS). This program focused on decreasing births to Indian teens, reducing complications of their pregnancy, and promoting a healthier life for teens and their child(ren). Initial evaluation results show the Health Board has been successful in meeting program objectives. From 1983 to 1984, a 2.6% decrease in low birthweight infants resulted, as well as no infant deaths out of 47 Indian teen births. This reduction in the incidence of infant mortality is consistent with success in this area. The TIPPS program has also been successful in increasing the number of teens bringing their child(ren) in for health care and in promoting the economic independence of teen parents through increasing the number of teen mothers returning to school (and/or training) after delivery.

Also begun this year by the Seattle Indian Health Board is the Alaska Native Health Initiative (Hepatitis B) program. This program includes preventive screening, immunization, and community education on the Hepatitis B (HBV) virus. Hepatitis B (viral infection of the liver) is highly endemic in native populations of certain southwestern Alaskan Native villages. Becuase of the Seattle Indian Health Board's large Alaskan Native patient population, a collaborative effort between the Health Board and the Alaska Native Health Service, began in December 1984.

The Health Board has the potential to screen and immunize nearly 4,000 Alaska Native individuals, thereby protecting them against the possible long-term consequences of HBV infection such as liver cancer and chronic liver disease. Initial program efforts focused on Eskimos and Aleuts. The program has since expanded to reach all Alaska Natives. Funding for this program is provided through the Alaska Native Health Service.

As of March 1985, over 300 persons have been screened and the vaccine series begun. The lab screening of Eskimos alone has yielded comparable percentages to results from Alaska studies of those with previou infections (17%) and those who are carriers of HBV (4.6%). These results support the need for continued funding of a Seattle-based project.

Alcoholism continues to be the major health problem among Indian people. A NIAAA (National Institute on Alcoholism and Alcohol Abuse)-funded research project on American Indian Alcohol Abuse and Treatment Outcomes being conducted by Dr. Dale Walker, University of Washington, indicates the need for specialized treatment approaches to combat this disease within the Indian community.

The Seattle Indian Health Board provides both inpatient and outpatient alcoholism treatment services. Although program content incorporates cultural practices, funding agency requirements limit the treatment modality to a more conventional approach.

Indian alcoholism is a spiral of disease-impact-disease-impact that, unless broken, will be with us for generations to come. Successful treatment of Indian alcoholism can only be accomplished through a comprehensive delivery system which considers the disease process, the psycho-social impact on the family unit, and the socio-economic status of the population from both a current needs and a historical base. Indian people referred for alcoholism treatment have greater physical deterioration and organ damage than seen in the majority population. Many are second, third, fourth generation alcoholics with major adjustment problems and limited social skills. To only treat them in a limited focus 28, 30 or 60 day treatment setting is not sufficient. We must have open-ended treatment programs which allow for specific individual treatment planning. Treatment must also incorporate family-oriented and preventive services in order to impact upon this devastating disease. Additional funding support is necessary in order to develop a more effective treatment approach to Indian alcoholism.

In order to continue the health care services provided by the Seattle Indian Health Board and the 37 urban Indian health programs across the country, we urge the Committee to appropriate $11.5 million for Urban Indian Health (Title V of the Indian Health Care Improvement Act).

In order to continue to combat the Hepatitis B public health problem, we urge appropriation of $2.6 million for the Alaska Native Health Service Hepatitis B Program.

To further develop and continue alcoholism services to the Indian population, we urge appropriation of $25 million for Indian Alcoholism services. (Title II of the Indian Health Care Improvement Act).

Thank you for this opportunity to present our statement. We will be happy to provide any additional information you may require to support this appropriations request.

STATEMENT OF THE PASCUA YAQUI TRIBE OF ARIZONA

The following testimony is presented by the Pascua Yaqui Tribe of Arizona. The Pascua Yaqui Tribe appreciates the opportunity to enter the following testimony into the record. This testimony reflects the views of the members of the Pascua Yaqui Tribe concerning health care issues for the Pascua Yaqui Tribe.

INTRODUCTION

The Health Maintenance Organization (HMO) delivery system for the Pascua Yaqui Tribe has been and continues to be a cost effective, comprehensive, innovative, and accountable model for delivering health services to the Yaqui People. It has been a unique model for involving private industry (OMB Circular A-76) in performing public sector responsibilities. This model has the potential to be applied on a broader basis for delivering health care to other Indian organizations. Congress's continued commitment to these concepts has allowed this system to function for six years. The administration's current philosophy of indiscriminately cutting costs is now jeopardizing the model that could well answer the cost concerns of the administration.

BACKGROUND

In 1978, P.L. 95-375 extended certain Federal benefits, services, and assistance to the Pascua Yaqui Indians of Arizona. Initially, appropriations were established to categorically provide health care for the Yaqui people. This categorical appropriations continued through the second year of operation and then was established as part of contract care dollar base.

The Pascua Yaqui Tribe is unique among the reservation-based tribes of the western states. The Pascua Yaqui Tribe is not served by any Indian Health Service (IHS) direct care facility nor by IHS field health staff. The direct care and preventive health services are provided to the Yaqui Tribe by an effective combination of a local IHS-HMO contract and a Tribal Community Health Program (P.L. 93-638 contract).

In typical situations contract care dollars are used to supplement IHS direct care capabilities. Contract care dollars are also restricted to paying for services on a residual basis after all other sources have been exhausted. The Yaqui HMO meets both of these criteria.

The HMO is a prepaid Health Plan that is totally dependent on contract care dollars. The Tribal Community Health Program depends on community health representative, contract care, equity health and community health nursing dollars.

CONTRACT HEALTH CARE

Services for the Pascua Yaqui Health Delivery System are dependent on an HMO outside contractor. In 1982, shortages of Contract Care dollars for the HMO (El Rio) contract resulted in a 10% reduction of services.

The proposed administration's 1986 budget allows for a 1.2% increase in CHS dollars. In reality with the current rate of inflation in purchasing health services there will be a 14% - 19% decrease in health care available for Yaquis. The decrease will force the Tribe to further reduce services to the 3300 Yaqui clients currently enrolled in the El Rio HMO Plan. The 3300 does not take into account 1,246 additional descendents that are in a pending eligible status. No further cut backs can be tolerated without destroying the viability of the health care system for the Yaqui people.

It is a well recognized principle that HMOs focus on cost effective ways of delivering health care. Destruction of the HMO will result in a higher cost to deliver health services to the Yaqui people. It will defeat the preventive vs curative approach to medicine.

PREVENTIVE HEALTH

The Pascua Yaqui Tribe is gravely concerned with the proposed reduction in the area of preventive health. The Pascua Yaqui Health Department in conjunction with the El Rio HMO are geared toward preventive services. One positive result of the effective combination of the HMO and the intensive follow up by the Yaqui Health Department has been a reduction of hospital in patient days.

In 1983 in patient days were running 1,700 for the year. In 1984 they had been reduced to 1,100. We feel this was a direct result of the integrated health delivery system consisting of the HMO and the Yaqui Health Department (Community Health Nursing, Community Health Representative, Health Education & other seven components) working together.

COMMUNITY HEALTH REPRESENTATIVE PROGRAM

The Pascua Yaqui Community Health Representative (CHR) Program is a basic direct care, preventive service, and health promotion program. It is an integral part of the health care received by the Pascua Yaqui people. It is a small program, but a vital component in the health care delivery services for the Pascua Yaqui Tribe. The Pascua Yaqui CHR program, under the general direction of the Community Health Nursing (CHN) program, serves the Tribe in both direct health care and preventive health services. The four (4) CHR's are trained Emergency Medical Technicians and Nurses Aides.

The CHR program has had positive impacts on the health and general welfare of the Yaqui people in the areas of:

1. Disease Control
2. Alcoholism
3. Maternal and Child Health
4. Elderly Yaqui Health Care
5. Home Health Care
6. Dental Care
7. Optometry Care
8. Mental Health Care
9. Ambulatory Care
10. Inpatient Care
11. Emergency Medical Services
12. Health Education
13. Environmental Health and Sanitation Services
14. Coordination with Other Resources

The administration's 1986 proposed budget recommends reductions in funding for preventive health services. This includes elimination of the CHR program and reductions in Public Health Nursing, Sanitation, and Health Education programs. This does not seem consistent with the National or even State trends promoted by the American Heart Association, American Diabetes Association, and the American Medical Association. The national trends are toward promotion of preventive health and wellness programs and those are the areas the administration is targeting to reduce. These reductions would destroy the Yaqui Health Department and have a crippling effect on the total health delivery system. The components of the health delivery system are so interwoven that the destruction of one would adversely effect the other.

In conclusion we would like to make the following statements and appeals:

WHAT IS THE PENALTY FOR SUCCESS?

PLEASE DON'T ALLOW THE DESTRUCTION OF A SUPER HEALTH CARE DELIVERY MODEL.

WE BESEECH THIS BODY TO DO ALL WITHIN ITS POWER TO REINSTATE THE DOLLARS NECESSARY THEREBY ASSURING THAT THIS HEALTH CARE DELIVERY SYSTEM REMAINS HEALTHY OR AT LEAST CONTINUES!!

The Pascua Yaqui Tribe thanks you for the opportunity of allowing this testimony to be entered into the record for your consideration.

STATEMENT OF JAMES B. FIELD, M.D., CHAIRMAN, NATIONAL DIABETES ADVISORY BOARD

The National Diabetes Advisory Board was created by Congress to review, evaluate, and report on national diabetes-related activities. In previous testimony before this subcommittee, we described the extent of diabetes and its complications among American Indian people. Whether expressed in terms of prevalence, morbidity, premature mortality, or economic impact, diabetes in American Indians is significantly more severe than in other U.S. population groups. In several tribes, over 40 percent of the adults have diabetes, compared with approximately 3 percent of the overall U.S. adult population. The serious complications of this disease are increasing in frequency among American Indians, especially renal failure, amputations, and blindness.

The economic impact of diabetes is of particular concern to us and to IHS. Diabetes is the second leading reason for adult outpatient visits throughout the IHS. The cost of managing this disease is increasing rapidly, severely straining available resources. For example, approximately 40 percent of all American Indians receiving kidney dialysis or transplantation services in 1984 were diabetic. The average annual cost for kidney dialysis is $26,000 per patient. The cost of diabetes-related kidney disease in the Phoenix administrative region alone, 1 of the 12 Indian Health Service administrative regions across the country, reached approximately $2.6 million last year.

Fortunately, it is possible to prevent or reduce the severity of some complications of diabetes. However, a special effort will be required to apply effective treatment strategies throughout this high-risk population.

In previous testimony before this subcommittee, we outlined a Model Diabetes Health Care Program to develop effective and culturally acceptable prevention and treatment strategies. We are very appreciative that you provided funds in fiscal year 1985 to increase the number of model program sites from five to seven and to purchase laser equipment to treat diabetic retinopathy and prevent blindness. The equipment has been purchased and negotiations are underway to establish one of the new model sites in Maine and the other in the Washington/Oregon/Idaho area. The existing fives sites are at Fort Totten (North Dakota), Claremore, (Oklahoma), Winnebago (Nebraska), Sacaton (Arizona), and Albuquerque (New Mexico). The project sites are chosen by the Indian Health Service to represent different types of IHS facilities and geographic issues.

Multidisciplinary teams at each site have been organized to intensify preventive services for diabetics and to develop a comprehensive and integrated diabetes care plan, including related conditions such as hypertension, urinary tract infections, foot care, routine screening for complications, nutrition counseling, and patient education. Similar programs in several non-Indian facilities across the country have documented decreased hospitalizations and morbidity, with a net reduction in total health care costs. Therefore, it is expected that the IHS programs also will be able to document decreased hospitalizations and morbidity, with a net reduction in total health care costs.

Many other service units within IHS are encountering rapid increases in their diabetic patient caseloads. The Model Diabetes Care Program is an essential foundation for an IHS-wide diabetes control effort. Increased funds provided by the Congress have permitted the model program to initiate urgently needed outreach to additional sites. Training courses for IHS health care professionals have been conducted in several regions during the last year.

In each case, the large attendance reflects the appreciation of and need for this information. The program also is collecting, adapting, and disseminating professional training materials to assist all IHS personnel.

It is obvious that effective control of diabetes goes far beyond the health clinic. A total community effort is required. However the major responsibility for an effective diabetes control program in the American Indian population will continue to be borne by the Indian Health Service. IHS has recognized the problem and supports this initiative. However, its resources are already stretched thin, due in no small part to the growing cost of diabetic complications, such as kidney dialysis, cited above. IHS does not have the option of transferring resources from the treatment of chronic complications to the prevention of those complications. Therefore, IHS must receive additional resources to support a prevention program.

The Board strongly recommends that Congress and the administration place greater emphasis on activities to screen, identify, and treat the early stages of diabetes and its complications in this high-risk population. Relatively little can be done, for example, to avoid the medical, social, and economic burden of diabetes-related kidney disease once patients present themselves at the clinics with this complication. However, more effective programs can be developed to identify and treat the early stages of diabetes. These prevention efforts are needed in all tribes and would be highly cost-effective. The Board has carefully considered this issue and recommends that funds be provided to IHS to permit increased outreach activities from the Model Diabetes Care Program to other service units.

Despite the pressing need for a comprehensive diabetes initiative, the administration's proposed budget for fiscal year 1986 envisions a cutback in this program from $1.9 million to $1.4 million. This reduction would jeopardize the continuation of the two new model sites begun this year and would severely hamper the activities of the other five sites. This program should be expanded, not reduced. Therefore, the Board recommends that Congress increase the program's budget from the current level of $1.9 million to $2.5 million in fiscal year 1986. These funds are needed for the following purposes:

> The Congressional increase in fiscal year 1985 permitted the Model Program to expand from five to seven units. This increase must be continued in 1986 to support the seven sites.
>
> Additional outreach from the Model Program can be accomplished by providing modest start-up funds to assist other health service units who wish to incorporate specific diabetes control approaches into their existing health care program.
>
> Additional professional staff are needed to provide technical assistance and develop guidelines regarding effective methods for screening and early identification of diabetics and to develop community programs among tribes outside the model program sites.
>
> Additional funds are needed to establish regional diabetes control offices in areas of need outside the model sites.
>
> Within some of the existing model sites, the addition of one staff member such as a diabetes teaching nurse would permit those sites to greatly increase their effectiveness and expand their sphere of influence.
>
> Additional funds are needed to implement several recommendations resulting from the assessment supported by the Robert Wood Johnson Foundation: 1) characterization of the diabetes patient population within the model sites to facilitate the future evaluation of the program's impact, 2) collection of

data on the level of adherance of patients to prescribed treatment regimens in the model sites, and 3) periodic follow-up and analysis of patient outcomes in relation to possible causative factors.

In summary, the Board recommends that Congress increase the budget for the Model Diabetes Care Program of IHS from $1.9 million to $2.4 million in fiscal year 1986.

STATEMENT OF MELVIN SABSHIN, M.D., MEDICAL DIRECTOR, AMERICAN PSYCHIATRIC ASSOCIATION

Mr. Chairman and Members of the Subcommittee, I am Dr. Melvin Sabshin, Medical Director of the American Psychiatric Association, a medical specialty society representing over 30,000 psychiatrists nationwide. I am pleased to appear before the Subcommittee to represent the particular concerns of the American Psychiatric Association and its Committee of American Indian and Alaska Native Psychiatrists, regarding the Fiscal Year 1986 appropriations for the Indian Health Service.

Mr. Chairman, the Honorable Mark Andrews, Chairman of the Senate Select Committee on Indian Affairs, stated last year that "Although significant gains have been realized in improving the health status of Indian and Alaska Native people since the passage of the Indian Health Care Improvement Act in 1976, health status parity with the general United States population has yet to be achieved."

We agree. A few alarming statistics from the Department of Health and Human Services demonstrate the continued existence of this gap and the need to continue to increase our national efforts to seek health care parity for American Indians:

- Indians experience 250 infant deaths per 100,000 live births from sudden infant death syndrome as compared with 150 deaths per 100,000 for the Nation;

- The incidence of tuberculosis among Indians is now at about 200 per 100,000 population, down from 2,300 per 100,000 in 1955. But the Indian death rate from TB is still 6½ times greater than the rest of the Nation;

- The Indian death rate from alcoholism is 55 per 100,000 population as compared with 8 per 100,000 for the general population; and

- American Indians have the shortest life span of any racial group in America; with the highest death rate for suicide, homicide, and other violence-related deaths.

The American Psychiatric Association's Committee of American Indian and Alaska Native Psychiatrists continues to study the impact of health care budget cuts on the Indian population's overall health status as reflected in these statistics.

In fact, just recently Dr. Dale Walker, the former Chairman of that Committee, conducted a follow-up study in Seattle of 150 Indian primary care patients in that area. He found that the incidence of alcoholism treatment for those 150 patients went up 15% in just one year - from 40% to 55%. Dr. Walker believes the increase is a direct result of severe budget cuts in Indian health and social services.

It concerns us that despite some progress there remain many major financial and manpower shortages in the Indian Health Service, drastically reducing the health care provider's ability to accomplish the mission of the Indian Health Service, namely, to elevate the health of the American Indian and Alaska Native people to the highest possible level. This applies to both urban and rural areas. We are grateful to this Subcommittee and the Congress for continuing to make the necessary investment in the programs which encourage entry of health professionals into IHS programs thereby helping to reduce these shortages. Passage of the Indian Health Care Improvement Act in 1976 marked a major legislative effort by Congress to "raise the status of health care for American Indians and Alaska Natives, over a 7-year period, to a level equal to that enjoyed by other American citizens." But training of health care providers continues to be a major need within the IHS. We urge you to continue to adequately fund Title I, the Indian Health Manpower Program, to help alleviate some of these crucial shortages.

Another part of that act, Title V — Urban Indian Health — is designed to "assist urban Indians both to gain access to those community health resources available to them as citizens and to provide primary health care services where those resources are inadequate or inaccessible." Today, as you know Mr. Chairman, approximately one-half of the American Indians in the United States live in these urban or non-reservation settings, but only 10 million dollars yearly is directed for their health care. For example, a recent survey of thirty four urban Indian Health Boards and three Indian Health Service Hospitals reveals severe problems related to both physical and mental health care delivery. Patients are delaying their medical care because they cannot pay, or because their previous comprehensive programs are now only walk-in clinics.

It should be noted that these problems are made worse because the populations utilizing these clinics have unique health care needs. For a number of reasons, the urban Indian health clinics are able to provide — despite pay scales that are low, positions that are unfilled, and inadequate nurse staffing patterns — unique services in a culturally appropriate environment, and reach patients who might otherwise not be served at all.

In fact, in spite of all these problems, a recent report by the Department of Health and Human Services demonstrated the program's effectiveness. It showed that while the amount of funds appropriated by the Congress for Title V has remained relatively constant for the six-year period ending in FY '84, the service delivery capability for the 37 urban programs increased dramatically. For example, in FY 1979 a total of 374,713 services were provided compared to a total of 564,713 in FY 1980, 665,980 in FY 1981, and 582,567 in FY 1982.

The Administration's FY '86 zero budget request for the Urban Indian Health Program would have a devastating impact on this already underserved population as medical services would have to be further absorbed into state and local health budgets. Our program administrators do not agree with the Administration that states and localities will assume a greater fiscal role in health care delivery to Indian populations. The elimination of this one relatively small Federal program in conjunction with reductions already made in other larger discretionary health services programs, would further aggravate the situation.

We are grateful to you Mr. Chairman and to the members of this Subcommittee for your leadership in restoring $10 million to this program in the FY '85 Department of the Interior Appropriation Bill. We appeal to you once again to reject the President's zero budget request and to continue the Urban Indian Health Projects at at least the $12 million level, contingent on the reauthorization currently being developed by the legislative committees.

Finally, Mr. Chairman, I would like to add that the APA is additionally troubled by the Administration's proposals regarding other crucial programs within the IHS. The FY '86 budget also calls for reductions in clinical and preventive care; the elimination of critical programs for Community Health Representatives and Tribal Management; and a halt to the construction of hospitals, outpatient clinics and sanitation facilities. Acceptance of these recommendations would deprive the Indian population of desperately needed primary preventive physical and mental health services, and would almost certainly result in increased mortality and morbidity.

The APA endorses the American Medical Association's statement that the Indian Health Service is the primary medical service program for Indians, and that it can claim numerous successes. We urge you to continue your efforts to address the tremendous unmet health care needs of the Indian people by supporting the resources necessary to deliver quality care to all Native Americans, whether they live on reservations or in urban communities.

Statement of Deanna Cheshewalla, Chairperson, Board of Directors, Dallas Inter-Tribal Center, Inc.

My name is Deanna Cheshewalla. I am the chairperson of the board of directors of the Dallas Inter-Tribal Center, Inc., a comprehensive urban Indian health organization incorporated in 1971, to address the health needs of the 20,000 Indians living in Dallas and the surrounding 11 county area.

I am submitting this written testimony to urge the reauthorization of bill S-277 (The Indian Health Care Improvement Act) and for continued appropriations for urban Indian health care. In 1964, Congress, as a matter of public policy, declared this nation's intent to "eliminate poverty in the midst of plenty." In 1976, Congress passed the above mentioned act. In 1980, this act was reauthorized and it reaffirmed the government's commitment to help Indians, whether on reservations or in urban areas (Title V of the Act), to acquire health care that would eventually allow them to obtain a health status on a parity with the general American population. Even though this bill passed both houses of Congress in 1985, it was vetoed by the President. However, through the Continuing Resolution, these urban Indian health programs are funded through September, 1985. These declarations recognized that poverty and ill health are in concert and that national effort must be undertaken to eradicate both if Native American Indians are to improve the quality of their existence and to gain access to the abundant prosperity generally available to the U.S. population. While progress has been made (dramatic declines have been reported in the incidence of tuberculosis, infant mortality, chronic anemia, and malnutrition), still a disproportionate number of Indian people suffer from diabetes; heart disease; high blood pressure; upper respiratory infections, such as ear infections, colds and flu; and from dental problems. Studies continue to report the Native American Indian, based on any measure of income, educational attainment, employment, housing conditions, or health status is the most isolated, underserved, and deprived group in this country.

Texas, according to the 1980 Census, has an Indian population of 40,440. In 1970, the Census reports 17,957. Texas Indian communities estimate closer to 70,000, unofficially. Whatever the actual figures, Texas has the ninth largest Indian population in the United States. This state has two reservations. But these reservations, which are only state recognized, are home for only 859 or 2.1% of the state's Indians. Most live in cities or rural areas. The Dallas/Fort Worth area is home to approximately 20,000 or 49.5% of these off-reservation Indians. A survey completed by this center in 1977-78 showed that 48.2% of the area Indian population has migrated here since 1957, when the Bureau of Indian Affairs opened a field employment placement office in Dallas. While that office closed in September, 1980, Indian people continue to migrate to the Dallas area.

Data taken from a status report done by the Texas Indian Commission in 1983, shows the following statistics for the Dallas/Fort Worth metroplex Indian community: The average family size is 3.9, the median family income is $7,000 annually, 53% of the population is at or below poverty level, 45.6% of the population is unemployed, 25% of the population lives in substandard housing, and the median education level is 11.2 years. Of 1984 Dallas Inter-Tribal Center medical users, 65.7% are under 20 years of age, 21.4% are 20-34, 5.6% are 35-64, and .8% are 65 years old or older. In 1984, 2,835 new patients were seen in our medical and dental clinics.

For Dallas area Indians, the essential support system used in making the difficult transition from reservation to urban life is the Dallas Inter-Tribal Center. This program is the "safety net" for these people.

Since 1971, the Dallas Inter-Tribal Center, Inc., has made a determined effort to mitigate the barriers that keep Indians from receiving social, economic, employment, educational, and health services in the city. While primarily funded to provide ambulatory health care services, the center recognizes that the absence of disease or infirmity does not, in itself, constitute a healthy person or population. Health is also a state of social and economic well being. Most of the clients who use the center are also suffering the consequences of legal disfranchisement and other problems arising out of the social fabric of the environment. Burdened with the inability to cope with feelings of hopelessness and despair, dependence and inferiority, the urban Indian is not as well prepared psychologically or vocationally for existence in the urban oriented 20th Century as is the general population. This quality of life carries over directly into a disproportionate amount of emotional and health problems such as depression, personality disorganization, alcoholism, suicide, and disease.

The proper approach in attacking these problems involves more than medical treatment of the symptoms. Because the roots of these problems are in the complex interaction of biological, social, cultural, and environmental factors, the solutions cannot be approached in a narrow technological way, but require a health system which can provide human support in other areas as well.

Through its programs, the Dallas Inter-Tribal Center attempts to erase the painful and difficult transition from endless years of reservation dependence to life in the city. Those services include medical, dental, health/nutrition education, WIC, eyeglasses and clothing services, transportation, referrals, medical follow-up, alcoholism counseling, Indian child welfare services, and home visits.

% Services Increase/Decrease
%IHS Funding Increase/Decrease

Year	% Service +/-	% IHS Funding +/-
1979-1980	+ 75.2%	+ 10.1%
1980-1981	+ 69.0%	+ 11.1%
1981-1982	+ 5.0%	+ 2.0%
1982-1983	+ 36.7%	- 13.1%
1983-1984	+ 2.0%	+ 3.7%
1974-1984	+802.3%	+356.4%

The success of the Dallas Inter-Tribal Center in impacting the severity of these problems, the recognition that the services are cost effective ($14.26 per encounter compared to $40-$45 in the private sector), the realization by other human service providers that only the Dallas Inter-Tribal Center can effectively address this need for Indian people in Dallas, and that city and state resources are unable to absorb costs for these services are all documented in our reports to our funding agencies.

Without Title V dollars for health care, Indians will have to return to the reservations for care. In Dallas, private physicians refuse to see clients on medicaid because the reimbursement rate does not reasonably cover costs. The city claims it does not have revenue to absorb the loss in federal support to community health centers and the state believes that it must maintain those programs it already supports through the block grant plan. Reservations, already overburdened, are not accessible, the closest PHS-IHS hospital being in Lawton, Oklahoma, approximately 200 miles away. In region seven, the four urban Indian health programs have submitted over 200 applications to the private sector and private foundations for health care funding support. Not one application has received an affirmative response. There just are no alternatives to the maintenance of the federal support for urban Indian health care at this time.

The Dallas Inter-Tribal Center has received health care dollars from Indian Health Service since 1974. From that period to 1984, the services have increased by 802.3%, while IHS funding increased by only 356.4%. From 1980 through 1984, services increased by 147.4%, while IHS funds remained essentially the same.

This adminstration has proposed the "safety net" theory in the belief that the underprivileged should not suffer unfairly in the cutting of waste in the government programs. This concept must include Title V funding programs for two reasons: (1) It is more cost effective to maintain this proven system for health care delivery than to disrupt that system, in so doing, to create an additional burden on local health services when those resources are also being cut back under block grants and medicaid. (2) It is more humane to maintain the gradual improvement in the health of the Indian population than to lose those gains immediately, and then, in the future, have to develop yet another system when it is clear that the local resources cannot absorb the demand for such care.

If the "safety net" theory is to be protective and supportive of Indian people, then the President and Congress must clearly understand: That an Indian continues to struggle to acquire basic human needs satisfaction (biological and psychological: safety, food, housing, employment, acceptance) while the majority of the population has already acquired those basics and is directed towards the more human pursuits (personal growth, meaningfulness, competence, advancement, self-actualization); that this country, which holds out to the world its benevolence, must, as a society, also foster the fullest development of human potentials for all its own peoples.

The paradox of Indian poverty and ill-health in the midst of plenty is a travesty. The Indian has briefly and barely tasted some of the fruits of this abundance, but will not easily return to a fruitless existence. When you are at the bottom of the totem pole, there can be no way but up. To expect the Indian to be satisfied with less is wholly unreasonable in the 20th Century.

Without continued federal support to provide access to better health care and therefore a better life, the urban Indian truly remains the unwilling prisoner of an inhumane society.

I urge you, in the interests of this country and the people I represent, to continue the improving relationships between the government and the Indian by remaining directly involved and responsible for the provision of health care and other desperately needed support services so that the First Americans can also become first class Americans with all that entails.

You can accomplish this by reauthorizing the Indian Health Care Improvement Act and appropriating $12 million for urban Indian health programs.

Thank you.

STATEMENT OF THE PUGET SOUND HEALTH BOARD

The Puget Sound Health Board is sanctioned by tribal resolutions to be representative of the ten Puget Sound Indian tribes located in the Seattle Puget Sound Area. The Board appreciates this opportunity to express tribal concerns in regards to the Administration's proposed FY 1986 Indian Health Service (IHS) budget.

This testimony will address the President's proposal to eliminate the tribal Community Health Representative, Urban and Tribal Management programs. The Board wishes to address the lack of tribal input into the development of the proposed budget that will have very severe effects on our tribal communities health delivery systems. The Board will appeal to our most honored members of the United States Congress to once again restore some sense of federal responsibility in the federal trust relationship with the first Americans, the American Indians.

Need For Reinstating the Community Health Representative (CHR) Program:

The Puget Sound tribes do not have access to IHS hospitals and clinics. The Puget Sound Health Board is totally in agreement with Dr. Johnson's statement, "CHR's are not a peripheral service but are, in fact, the fundamental access point for the Indian patient into the health services delivery system." It is our tribal CHR's that assist tribal community members to utilize the alternate resources that are available to them. It is our CHR's that provide community health fairs, specialty clinics such as well child, diabetes, hypertension, immunizations, etc., as well as special services for the elderly and mental health activities for the youth. There are numerous health activities that are provided by our tribal CHRs that could not be replaced by another source should the administration eliminate this program.

Urban Programs

The Seattle Indian Health Board is centrally located within the Puget Sound tribe's Contract Health Service Delivery Area that consists of six counties. The loss of this program would effect the largest Indian population in the northwest. The small tribal health programs would not be able to extend their services to this large urban population.

Tribal Management Programs

The tribal management program is essential for tribes to achieve the status of self-determination. There is an even stronger need today for tribes to receive support funding in this program as the Administration removes itself from the federal trust responsibilities of working with Indian tribes to achieve this status. People knowledgeable of the Indian tribes and the health services available throughout the IHS areas can plainly see that the budget justification is lacking of a clear picture of what is and what is not. The tribes in years past could depend on the IHS director to get an opportunity to address the congressional committees inquiries as to the status of IHS and the tribes served. The director had more authority to express budget program needs as they were developed at the headquarters level. **The Puget Sound Health Board strongly supports the elevation of the IHS to Assistant Secretary's Office.** We cannot afford to lose the IHS advocacy in appealing to the congressional delegations the needs and desires of Indian tribes.

Therefore, the Puget Sound Health Board strongly urges our United States Congress to support the above programs and to suport the elevation of the Indian Health Service.

The Puget Sound Health Board wishes to go on record as supporting the testimony as submitted by the Northwest Portland Area Indian Health Board.

Thank you for this opportunity to express our concerns with the FY86 IHS Budget Justification.

STATEMENT OF BERT G. STEEVES, EXECUTIVE DIRECTOR, WICHITA URBAN INDIAN HEALTH CENTER, INC.

Mr. Chairman, Sub-Committee Members, the Wichita Urban Indian Health Center, Inc. appreciates this opportunity to appear before this distinguished Committee to substantiate the need, cost effectiveness, and quality of unduplicated care, of the Governments investment to Urban Indian Health Care Title V P.L. 94-437 amended 96-537 and in support of Reauthorization of the Indian Health Care Improvement Act of 1976, Senate Bill S. 277, January 1985.

I would also like to express our organizations genuine appreciation for the Chairman's on-going support which has been the key to the survival of urban Indian health clincis over the years.

Background

The Wichita Urban Indian Health Center, Inc. a private non-profit Indian Medical Corporation provides direct services in Medical, Dental, Mental Health, Outreach/Transportation and Food & Nutrition to over two thousand four hundred (2,400) American Indians in FY-84 representing segments of sixty-two (62) distinct and various tribes.

The National health needs for American Indians is indisputable. Indians health status continues to be far below the National level and far above the National averages of incidence rates for:

Heart disease, Diabetes, infant mortality, chronic infections, alcoholism and suicide. The averages for all of the above are 2 - 6 times higher than the National average documented by the U.S. Public Health Service, Indian Health Service. The average life span of an Indian male today is 57 - 59 years of age.

The 37 urban Indian clinics are impacting on these problems. Primary preventive care versus Emergency Room and Long Term Care. The 37 urban Indian clinics provided over 650,000 services in FY-84. Over one half, 53% of the American Indian population lives in the urban setting today.

* See attached Department of Commerce Report

In 1976 when the law was passed Congress acknowledged that urban Indians were not receiving adequate or average health care due to Cultural and Economic barriers.

Alternative Care Theory

Today 1985 the Administration purports that non-reservation Indians will be eligible for health care under various alternative programs supported by Federal health block grants, and other State and local funding agencies.

This is not the case and totally ludicrous based on fact. The Block Grants aren't reaching everyone now in the States and in addition urban and rural Indian organizations are not eligible for Federal Funding under the Block Grant System. There is not a specific administrative policy that recognizes or addresses the critical health care needs of the off-reservation Indian population.

It is unrealistic to expect that the already taxed "alternative state and local resources" will be able to meet the urban and rural off-reservation Indian Health care needs.

A local survey of over 100 private physicians indicated that less than 50% were willing to accept Medicaid Recipients due to lack of adequate reimbursements and paper work. For those providers that did accept Medicaid often recipients were forced to be placed on a two to six week waiting list to be seen, due to patient overload and many providers with an unofficial priority for those with the ability to pay.

Local and County Governments, hospitals and private providers have endorsed and continue to support the urban Indian Health Clinics and have indicated they cannot supply the cost effective services that these urban Indian clinics can.

* See Hospital Letters of Support attached
* See Newspaper Editorials attached
* See Charts attached

In Wichita alone it would cost the taxpayer, Federal and State Governments and Hospitals over one (1) million dollars to pick up the 2,400 patients of the Wichita Urban Indian Health Center. We receive $234,000 from Indian Health Service annually for 5 direct service departments.

APPROPRIATIONS vs. HEALTH CARE COSTS & UNMET NEED

The appropriation level for urban Indian Health programs has not kept pace with the increase in health care cost. According to data available from the Health Care Financing Administration, National Health Expenditures have increased at an annual percentage rate of 12.8% since 1965. Since 1978, the annual increases have been as follows:

1978 -- 11.9%
1979 -- 13.5%
1980 -- 15.8%
1981 -- 15.1%
1982 -- 12.5%

If these actual increases had been reflected in the appropriation levels for urban Indian Health Programs, appropriation levels would have risen as follows:

APPROPRIATION LEVEL		INCREASE IN NATIONAL + HEALTH EXPENDITURES		ACTUAL APPROPRIATIONS	SHORTFALL
1978	$ 6,858,000				
1979	6,858,000	+ 11.9% =	$ 7,674,102	7,270,000	404,102
1980	7,674,102	+ 13.5% =	8,710,106	8,000,000	710,106
1981	8,710,106	+ 15.8% =	10,086,302	8,900,000	1,186,302
1982	10,086,302	+ 15.1% =	11,609,334	8,160,000	3,449,334
1983	11,609,334	+ 12.5% =	13,060,501	6,000,000	7,060,501
1984	13,060,501	+ 12.8% =	14,732,245	9,000,000	5,732,245
		(est.)			

As a result of this shortfall in appropriations over the last six years, the urban Indian health programs have actually incurred a total loss in buying power of $18.5 million. It is not surprising when we review these statistics that the health status of American Indian people falls significantly below that of the general population.

Using the average annual increase of 12.8% in health expenditures, the 1985 appropriation level should have been $16,617,972.

Our Request

The Wichita Urban Indian Health Center, Inc. respectfully urges the Reauthorization of the Indian Health Care Improvement Act Senate Bill S. 277 for a four year period 1986 - 1989 based on the facts and their substantiation therein provided in this testimony and supported by the attached evidence including hospital letters of support.

We are requesting 12 million dollars for FY-86 based on fiscal constraint.

* See attached Charts according to the Health Care Financing Administration.

Please approve the Authorization levels for Title V Health Services for urban Indians as follows:

1986	$30,552,000
1987	$32,703,000
1988	$34,996,000
1989	$37,435,000

Conclusion

As you are aware Title V urban Indian Health funds are a specific line item in the budget. These monies do not decrease the overall Indian Health Service budget and we are talking about, currently, 9 million dollars for 37 urban Indian clinics servicing, again, over 650,000 American Indian patients in FY-84.

In reality and proven there is not another alternative Resource that can provide the cost effectiveness or quality of care that the urban Indian Clinics can, substantiated.

Thank you for the privlege of addressing this Committee. I am availabe as a resource to you at any time.

DEPARTMENT OF COMMERCE REPORT

UNITED STATES AMERICAN INDIAN POPULATION PROFILED IN NEW REPORT FROM 1980 CENSUS

The 1980 census count of the nation's American Indian population was up by 72 percent compared to 1970, according to a new 1980 census report published by the Commerce Department's Census Bureau.

Figures from the 1980 census show that the number of American Indians counted on April 1, 1980, totaled 1,364,033, or 571,303 more than 10 years earlier. More than half (53 percent) of the American Indian population lived in urban areas.

Increases in the American Indian population over the decade are the result of natural increase and overall improvements in census procedures, including modified enumeration procedures on American Indian reservations and the use of self-identification to obtain the race of respondents in all areas of the country.

The report notes that the American Indian population is considerably younger than the nation's total population. Their median age was 22.9 compared with 30.0 years for the nation's total. Thirty-nine percent were under 18 years old and only 5 percent were 65 years old or older.

Of the 297,445 American Indian families in the nation, 71 percent were married-couple families. About 72 percent of "own children"--sons or daughters (including adopted and stepchildren) who were single (never married) and under 18--were living with both parents. Another 23 percent of the families were maintained by a female householder with no husband present, and 24 percent of the "own children" lived in these families.

American Indian families were comparatively large, averaging 3.87 persons. The average for all families was 3.27 persons.

In the 1980 census, 278 American Indian reservations were identified in the country. American Indian reservations are areas with boundaries established by treaty, statute, and/or executive or court order. In this report, tribal trust lands outside the boundaries of reservations (off reservation) are not included as part of the reservations.

About 25 percent of the nation's American Indian population lived on reservations. Reservations with the largest American Indian population were: Navajo, in Arizona, New Mexico, and Utah (104,968); Pine Ridge, South Dakota (11,882); Gila River, Arizona (7,067); Papago, Arizona (6,959); Fort Apache, Arizona (6,880); and Hopi, Arizona (6,601).

The 368-page report contains age, sex, marital status, and household relationship statistics for the total population, persons of Spanish origin, and racial groups, including the White; Black; American Indian, Eskimo, Aleut; and Asian and Pacific Islander populations.

Data are shown for the United States, regions, divisions, states, Standard Consolidated Statistical Areas, Standard Metropolitan Statistical Areas, urbanized areas, places of 50,000 or more inhabitants, American Indian reservations, and Alaska Native villages.

Copies of General Population Characteristics: United States Summary, PC80-1-B1 (GPO Stock No. 003-024-02747-0), are available for $6.50 each prepaid from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. (Comparable housing data are being published in the HC80-1-A1, General Housing Characteristics, report.)

LETTER FROM JOSEPH A. HEEB, ADMINISTRATOR, ST. JOSEPH MEDICAL CENTER

November 9, 1981

TO WHOM IT MAY CONCERN:

We would like to support the continuation and funding of the Indian Urban Health Center located at 2318 East Central in Wichita, Kansas, under United Way auspices. We understand that there may be a possibility of this organization losing its funding, and if so this would be a problem for the 2100 Indian patients served last year, and for other patients served in this population group.

St. Joseph Medical Center, through St. Mary of the Plains College, School of Nursing, has an affiliation with the Indian Health Center, and this affiliation has been of help to not only our school for the training of nurses, but has also been of help to the Center in terms of having trainees involved in their program.

The Center is cost effective; the cost is only around $37.00 per patient which is less expensive than in the private sector. These people are meeting a need for the psychiatric benefit of many Indians who could use the private sector but choose to go to the Indian Center. They are providing a service by keeping many patients away from the Emergency Rooms of the local hospitals. This takes up the slack of the burden that non-paying patients would put on the hospitals.

The Indian Health Center does not involve a duplication of service and is a needed service for the Indian community, providing basic, primary health care. Sociologically, the Indians in Wichita, a small ethnic popula' on, need to have their own identifiable health support servic., such as the Indian Health Center, as a primary service program for the screening and diagnostic discovery of patient care problems that can be either treated in the Center as a primary service initially, or referred to a specialist at one of the larger hospitals in case of a serious medical problem requiring either medical specialization, or inpatient or outpatient treatment through one of the hospital programs.

Our understanding is that this program has been in operation since June, 1980. The Center is a needed service, a community service for the Indians who seek help medically.

Sincerely,

Joseph A. Heeb

Joseph A. Heeb
Administrator

LETTER FROM SISTER M. SYLVIA EGAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER, FRANCIS HOSPITAL

November 6, 1981

Bert Steevs
Executive Director
Wichita Urban Indian Health Center, Inc.
2318 E. Central
Wichita, Kansas 67214

Dear Mr. Steevs:

I am writing this letter in support of the Wichita Urban Indian Health Center, Inc. The Wichita Urban Indian Health Center provides quality, comprehensive health services to the Wichita Urban Indian Health population. Without this Center, most members of the Indian population would not seek or receive health care services of a preventative nature. Cultural and financial restrictions on the Indian population place them in a position where they generally seek health care only in crisis situations. In many cases the delivery of health care on this basis is inadequate and is rendered too late for positive results.

The various clinics offered through the Wichita Urban Indian Health Center provide the Indian population with an access into the health care delivery system at a time when their health problems have not reached the critical stage. These clinics offer health education, screening procedures, illness assessments and treatment programs to the Indian population. Referrals can then be made to other organizations within the health care system to provide the full range of health services necessary to maintain a healthy population.

I believe your Center offers a service to the Indian population that cannot be provided as effectively or as economically by the area hospitals or other health care agencies. I support your continued existance and congratulate you on the excellent service you are providing.

Sincerely,

Sister M Sylvia Egan

Sister M. Sylvia Egan
President and Chief Executive Officer

LETTER FROM R.A. NELSON, M.D., STATE OF KANSAS REGIONAL PERINATAL CARE PROGRAM

November 10, 1981

Wichita Urban Indian Health Center
2318 East Central
Wichita, Kansas

To Whom It May Concern:

As a lifelong resident of this community and a practicing physician, it has been a pleasure to follow the development of our Wichita Urban Indian Health Center. Unfortunately, other commitments have made it impossible for me to take as great a part in the development as I might have wished.

The Urban Indian Health Center has been an integral part of the Indian's efforts to help themselves in the transition into our urban life. From what I have seen these efforts have been unpretentious and very cost effective. I feel a diminution of effort or support for this center will lead these people into the confusion of unplanned emergency room visits. As a part of an emergency room corporation at Wesley Hospital I rarely saw Indians in our emergency. This certainly speaks well of the preventive measures of the Health Center's programs considering the fair number of health problems these people have.

It is beyond my comprehension how we cannot pay attention to such a successful program. I think everything we can do to continue its function is vital to Wichita and the Indian community mutually.

Yours truly,

R. A. Nelson, M. D.

ARTICLE FROM THE WICHITA EAGLE-BEACON, SUN. MAR. 4, 1984

As We See It:

Indian Health Act Rare Success

The Senate Select Committee on Indian Affairs should listen closely to the testimony of Wichitans at a hearing in Denver Saturday on reauthorizing the Indian Health Care Improvement Act. What it will hear is a rare success story in governmental cost effectiveness that should convince them the right program already is in place.

Five local physicians who have been integrally involved with the Wichita Urban Indian Health Center, along with the center's executive director, will testify. The story they tell won't be one of government waste and inefficiency, but one of putting limited taxpayers' dollars to the best possible use. In the last fiscal year, for example, the Wichita Urban Indian Health Center provided direct services to 2,400 people from 62 different tribes. The center received $234,000 in federal money for that, or less than $100 per patient per year.

That's far less than such care would cost through welfare or Medicaid. In fact, it's estimated it would cost as much as $2.5 million locally to provide the same care, through other channels. Prior to the local Indian health center program, up to 80 percent of Indians had little choice but to seek expensive emergency room care they couldn't afford, often for conditions that could have been minimized if preventative treatment like that at the local clinic had been available.

Such remarkable cost savings are possible in part because local doctors and residency programs donate time and services. Wichita's Urban Indian Health Center, which is a separate entity from the financially beleaguered Mid-America All-Indian Center, is, in fact, one of the most successful of 37 such centers around the country. Combined, these centers serve 650,000 American Indians.

A look at the heart disease, diabetes and infant mortality rates of those particular Americans, which run from two to six times higher than the national average, is indicative of how vitally needed health care services are for them. But the Reagan administration, under the guise of cost consciousness, consistently has recommended against funding for Indian health centers, claiming block grants and existing health care agencies better can serve the needs of non-reservation Indians. But Indian agencies aren't eligible for block grants and other public health entities are sorely taxed by federal cutbacks.

Bert Steeves, executive director of the Wichita Urban Indian Health Center, is well aware of federal deficit pressures. He's right when he says, "We need to cut, but not programs that are, in fact, saving money." The Indian Health Care Improvement Act should be reauthorized and the relatively modest $12 million national budget requested to keep it working approved by Congress.

ARTICLE FROM THE WICHITA EAGLE-BEACON, TUES., MAR. 13, 1984

As We See It:

Policy Toward American Indians A Retreat from Responsibility

Former Interior Secretary James Watt attracted much criticism last year when he suggested that poverty and social problems on American Indian reservations were "an example of the failures of socialism." But the remark — however crudely expressed — was partly correct, in the sense that the federal government's paternalistic Indian policies have caused many of the tribes' problems; and that it would be in the best long-range interest of Indian nations to move toward economic and social self-determination. But this is easier said than done, and the federal government cannot simply walk away now from problems it has had a large hand in creating.

Economic development is essential if tribes are to improve conditions on the reservations, where unemployment is at 39 percent and more than a quarter of the population lives below the poverty level. With a high rate of social problems — alcoholism, infant mortality and violent crime — reservation life is generally miserable.

As the recent Eagle-Beacon series, "The New Indian Wars," points out, the government's responsibility to help the Indian nations is not just moral, but legal. Numerous court rulings have established the government's role as trustee of Indian resources and land. Unfortunately, the government's record in carrying out that role has been one of negligence, conflicting interests and almost complete failure.

Although "self-determination" has been the professed goal of federal Indian policy since the Johnson administration, the government simply has not offered Indians adequate technical guidance and financial help in developing the water, timber, rangeland and energy reserves that could boost some tribes from poverty to economic independence.

Most reservations, though, lack such natural resources, or even the most basic local economy. They lack roads, banks, government services — all the prerequisites of economic and political clout. As a result, few economic ventures get off the ground, and the federal aid that's pumped in only helps Indians maintain a subsistence economy that keeps them dependent on federal money and make-work programs.

Many Indian leaders recognize their people's future depends on establishing the foundations for economic growth, and in recent years have begun working on comprehensive programs for developing reservation businesses and services.

The Reagan administration says it wants to encourage Indian autonomy through private, competitive industries and strong tribal governments. In practice, though, the administration has moved too far, too fast. Its "encouragement" has consisted mainly of slashing aid drastically to a wide range of federal Indian programs. The long-range goal of "self-determination" has been used as an excuse for the abrogation of federal responsibility.

The Reagan budget cuts have reduced total federal spending on Indians by $1 billion — or nearly one-third of the annual Indian budget. Most importantly, they have cut programs directly promoting Indian self-sufficiency, such as legal services, job and education programs. Cuts in health programs — such as 41 urban health centers serving the more than 700,000 Indians living near cities — have seriously hurt the dramatic progress made in Indian health care.

The administration has achieved some successes — notably, tax-exempt status for tribes and $10 million in annual seed money for developing tribal resources. But the budget cuts undermine the social, economic and political base needed to make such innovations work. Tribal development will come, but through a step-by-step approach, not sink-or-swim.

Once again, the federal government is walking away from its responsibility to the Indian nations. It is too easy to call this the "failure of socialism." It is an appalling failure of trust, of commitment.

NEWSPAPER ARTICLE

Health Centers in Peril

Who Will Cry for Gloria Curtis?

Does anyone remember Gloria Curtis? It's not likely. No one knew her in life much, except her American Indian brothers and sisters, so there's no reason anyone would know her in death.

I heard the story of Gloria Curtis last week at the Wichita Urban Indian Health Center, one of the real health care success stories in this city — but no one knows much about it, either.

So let me tell you a little bit about both, and how their stories relate.

Gloria Curtis was the subject of a Bill Moyers' Journal television program several years back. She was a pretty young Chippewa woman with five kids who moved from the Red Lake Indian Reservation in northern Minnesota into the "Indian ghetto" of Minneapolis.

She was part of an exodus that swelled the city's Indian population fourfold over a decade's time, and she joined those Indians already there in becoming — in Bill Moyers' words — "groupless nomads in a strange new world."

There was 90 percent unemployment on the reservation, but things were even rougher in the city. In time, she and her husband separated, and she was left alone to care for her young children.

She got a job, briefly, in a nursing home where she proved invaluable, according to her supervisors, as a link between cultures for Indian patients and their white nurses.

BUT AFTER awhile, Gloria Curtis fell ill and went to a local hospital, where she had problems with the nurses and other personnel.

"They didn't ever talk nice to her," one of her Indian friends told Mr. Moyers, and one day she left, refusing ever to go back.

Finally she became so sick she had to be hospitalized again. Though she went to another institution this time, the same rude treatment awaited her, according to her friends.

It wasn't long before she died. Infectious hepatitis was listed as the cause. But her friends say that was only part of it. Equally fatal was the treatment she received in a white person's world.

The local papers carried no obituary for Gloria Curtis.

The people at the Wichita Urban

Indian Health Center hope to obtain a copy of the Bill Moyers film, if they can find the money, so they can show it to others in the community as a way of explaining the desperate situation in which many urban Indians now find themselves.

I hope they find the means somehow to do it. For the situation is due to become even more desperate very shortly, if some of the folks in Washington get their way.

THE WICHITA Urban Indian Health Center started in 1975 with a one-year grant from the local Community Action Agency. Two staff members worked out of a one-room clinic. The center originally was associated with the Mid-America All-Indian Center, but no more.

Responding to the enormous need in the Indian community that soon became apparent, the center moved to a 6,000-square-foot complex at 2318 E. Central, where today 15 full-time staff members offer comprehensive health care services to 4,400 patients from 62 tribes in 16 counties, most of them from Sedgwick and Butler.

Providentially, the Junior League of Wichita has agreed to supply six volunteers to work in the center's medical intake and dental reception areas, and to provide the center $1,000 a month for the next 24 months to fund its medical prescription program.

I say "providentially," for without this critical help, the center's entire prescription program would have had to have been discontinued.

"Many of our children and elders would not have received vitally needed antibiotics," says Bert Steeves, the center's executive director. "In some cases, this would actually have been life-threatening. We cannot begin to thank the Junior League enough."

BUT THE JUNIOR League and other volunteer groups and individuals aren't always going to be around to pick up the slack when the center's important health care programs lag for lack of funds.

That's where the federal government comes in — or has, in the past, providing essential assistance to 37 urban Indian health care centers, including Wichita's, around the nation. Of the 37, the Wichita facility is one of three considered by Congress, after a study mandated by the Indian Health Care Improvement Act, as "superior."

And it has achieved that rating while saving the taxpayers $2.7 million — money that would have gone to various assistance programs — on a $233,000 Indian Health Service investment.

"It is unrealistic to expect that (such centers) will be financed with 'alternative state and local resources,'" the center's Chuck Love, until recently president of the American Indian Health Care Association, told the House Interior and Insular Affairs Committee earlier this year. ". . .(S)tates are loath to accept responsibility for health care that, in their view, is a federal responsibility."

YET THE REAGAN administration proposes to do just that, shifting the responsibility to the states when it knows full well — or should know — the states won't pick it up.

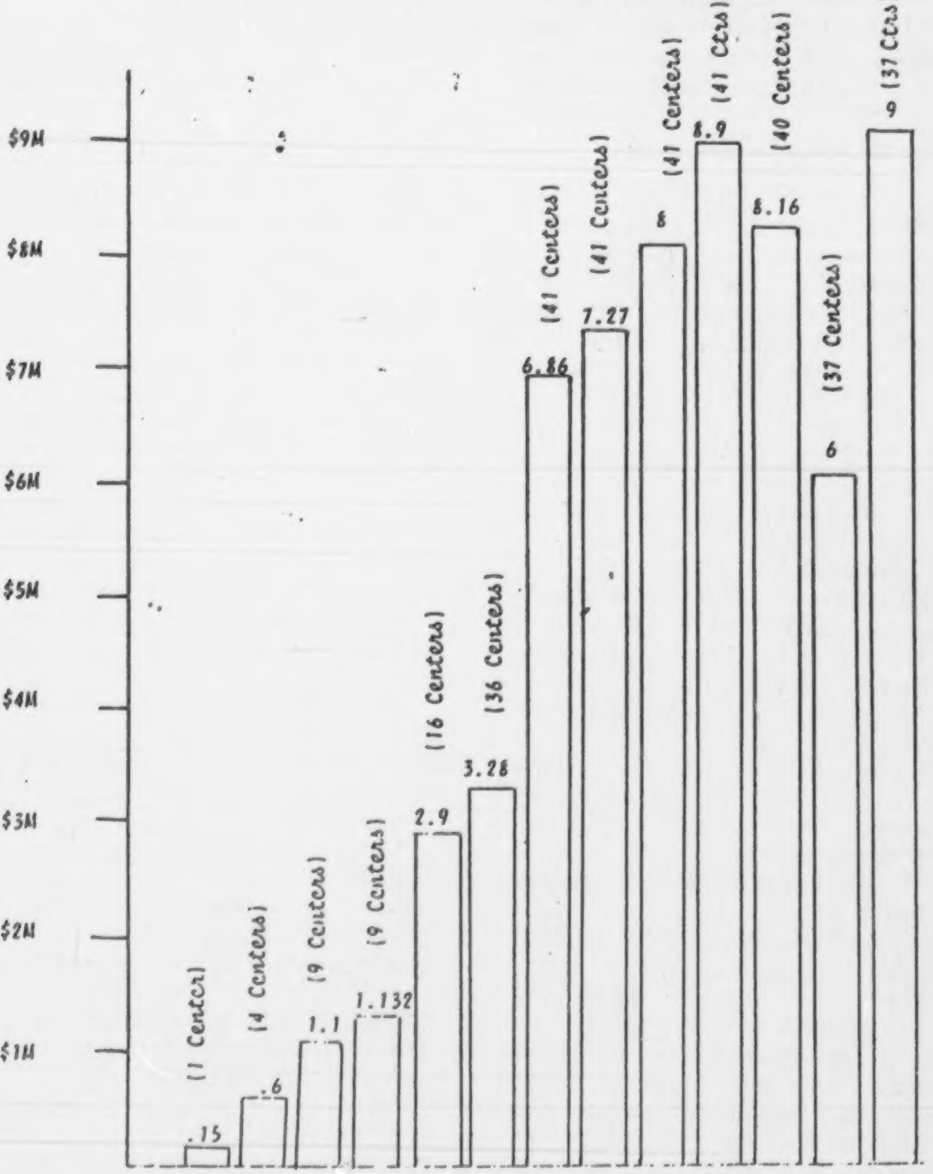
For the past three years, the administration hasn't included one dime in the federal budget for the urban Indian health centers, though Congress has put some money in each time, anyway. This fiscal year it amounts to $8 million, and Indian health professionals are hoping for at least that much next year.

"It is beyond my comprehension how we cannot pay attention to such a successful program," says Wesley Medical Center's Dr. R.A. "Jiggs" Nelson, director of the Kansas Regional Perinatal Care Program, who knows from experience what a vital function the Wichita center performs.

It's beyond my comprehension, too.

But unless we do pay attention, and do something about it, there will be more and more Gloria Curtises, wandering sick and alone until they die their needless deaths, unremembered and unwarned.

APPROPRIATION LEVELS FOR URBAN AND RURAL INDIAN HEALTH SERVICE CENTERS



*In millions

AGGREGATE NATIONAL HEALTH EXPENDITURES	ANNUAL PERCENTAGE INCREASE
1982	12.5%
1981	15.1%
1980	15.8%
1979	13.5%
1978	11.9%
1977	13.1%
1976	12.8%
1975	14.0%
1974	12.8%
1973	10.3%
1972	12.3%
1971	11.5%
1970	13.8%

LEVEL OF FUNDING - Urban Projects: 1978 $6,858,000

Projected Increase in Funding Based on Annual Percentage Increases for Aggregate National Health Expenditures:

1979	$6,858,000 + 11.9%	=	$7,674,102
1980	$7,674,102 + 13.5%	=	$8,710,105.8
1981	$8,710,105.8+ 15.8%	=	$10,086,302
1982	$10,086,302 + 15.1%	=	$11,609,334
1983	$11,609,334 + 12.5%	=	$13,060,501
1984	$13,060,501 + 12.8%	=	$14,732,245
1985	$14,732,245 + 12.8%	=	$16,617,973
1986	$16,617,973 + 12.8%	=	$18,745,074
1987	$18,745,074 + 12.8%	=	$21,144,443
1988	$21,144,443 + 12.8%	=	$23,850,932

**Since 1965, health care expenditures have grown at an average annual rate of 12.8%*

On 1984 Funding Level $9,000,000 + 12.8% = $10,152,000

STATEMENT OF THE AMERICAN INDIAN HEALTH CARE ASSOCIATION

For the last four years, the Administration has requested no funding for urban Indian health programs and this continues for fiscal year 1986. Once again, the 37 urban Indian health programs throughout the country are faced with an uphill climb to secure funding for our essential health service program. We are requesting $10 million again for fiscal year 1986.

According to the 1980 census, over 50% of the American Indian population now resides in urban communities across the nation. A large percentage of that population was moved to urban areas as a result of the massive relocation program undertaken by the Federal Government during the 1950's. This Indian population maintains strong ties with their reservations and the vast majority continue to be tribal members. No Act of Congress and no court decision has ever determined that their status as Indians terminates once they cross the reservation border. In fact, Congress has stated that the Federal Government has a responsibility to provide health care to Indians, including urban Indians, in the Indian Health Care Improvement Act. The members of the Association take this commitment seriously and believe that the continuation of these programs is absolutely critical.

The Administration's position is that urban Indian health programs are unnecessary because there are alternative sources of medical care for the patients that we serve. We have made repeated requests to the Department of Health and Human Services to furnish detailed information as to the actual nature of those "alternative resources". To the best of our knowledge, no such information has ever been furnished. To be frank, it is beyond our understanding as to how the Administration can continually take this position without any substantive data offered in its support. We who run these 37 programs know, beyond a doubt, that the alternative resources simply do not exist.

During the course of the effort to reauthorize the Indian Health Care Improvement Act, the Association presented numerous statements from other health care providers in communities having urban Indian health programs stating that these providers simply could not provide services to our patient population. Statements from local medical associations, city and county public health departments, and public and private hospitals confirm that urban Indian health programs are in no way duplicating services which are already available to the Indian population. It should be noted here that all of the urban Indian programs have extensive linkages with other health care providers to provide certain services and that the urban programs' continue seeking necessary funding from other sources besides the Indian Health Service. Urban programs also collect reimbursements from Medicare and Medicaid and from third party insurers.

The funds that we are requesting today will provide virtually no increase over the fiscal year 1985 appropriations. We are also requesting $200,000 to be utilized to address deficiencies that exist in on-going programs. Since the programs have never been appropriated enough money to even keep up with health care inflation, no funds have ever been available to allow programs to meet their needs. Many programs have struggled to maintain services in the past four years because of the disparity between appropriation levels and need.

According to data available from the Health Care Financing Administration, National Health Expenditures have increased at an annual percentage rate of 12.8% since 1972.

If these actual increases had been reflected in the appropriation levels for urban Indian health programs, appropriation levels would have risen to $17,434,698 in fiscal year 1986.

As a result of this shortfall in appropriations over the last seven years the urban Indian health programs have actually incurred a total loss in buying power of $23.6 million. It is not surprising when we review these statistics that the health status of American Indian people falls significantly below that of the general population.

As you can see, this level of funding that we request today comes nowhere near the level which is needed by urban Indian health care programs to meet the "unmet need". We must ask ourselves and this Administration, when will that need be met? When will the infant mortality rate for our children come close to approaching the national average? When will the goal of bringing Indian health status to parity with the rest of the population be achieved?

Thanks to the support of many members of Congress, the urban Indian programs have continued to survive. The dollars available to support these programs, have never addressed the true need for health services. It has been almost impossible for programs to expand during the last four years to meet the demand for services. Of the 37 urban Indian health programs, 28 provide direct health care. During fiscal year 1984, the urban Indian health programs provided 159,499 outpatient medical visits; 51,734 outpatient dental visits; 171,839 outpatient visits for health education, nutrition, mental health, optometry and other allied health services; and 105,161 community service outreach and referral direct encounters. Most of these programs have ample documentation demonstrating the need to provide more kinds of services and to treat more people. Many programs have had to turn away patients because of the lack of adequate resources.

It is important to note, that while all clinics receive funding from other sources besides Indian Health Service, these resources have also been severely impacted by the need to reduce the federal deficit. The urban programs have been able to document that these resources are extremely limited where they exist at all.

1. Unlike tribes and tribal organizations, urban Indian organizations are not eligible for direct funding under the federal block grant program.
2. Changes in state Medicaid/Medicare policies via stricter eligibility criteria, demand for co-payment, deductibles that must be met before care is reimbursed, and ceilings on reimbursement severely limit Indian participation. As a result of these changes, some of the larger projects will sustain a 30% to 40% decrease in Medicaid revenue.
3. Many metropolitan systems refuse to provide health care to Indian patients, believing they are a federal responsibility.

As noted, you cannot solve the federal deficit by eliminating critically needed health programs. There is no safety net for the Indian people of our cities; literally no place else to go.

The urban Indian health programs have gone on record repeatedly requesting accountability. The implementation of a standardized reporting system will make a significant contribution toward this accountability. Indian Health Service has done numerous evaluations of the urban Indian health programs over the past few years. Yet no recommendations ever result from these evaluations, and no funding has ever been made available to address deficiencies cited in the evaluations. Indian Health Service, by virtue of the position taken by the Department, treats our programs as afterthoughts. Yet we are providing critically needed health services to the urban Indian population of this country. It is clear that more efforts must be devoted to the urban Indians needs and this Administration must recognize that the problem will not go away simply because they wish it to.

Indian and Alaskan native people have always been a mobile population. Indians residing in urban areas maintain strong ties with their tribes and mirror the same low health status of their reservation cousins. To ignore the urban Indian population is to abandon the national goal established in the Indian Health Care Improvement Act, "...of providing the highest possible health status to Indians...". The American Indian Health Care Association and the 37 health programs it represents have struggled for the last four years to survive and maintain existing services. We ask for your renewed commitment to this national goal through the appropriation of $10 million for the urban Indian health program.

Thank you.

STATEMENT OF JOHN H. DANBY, M.D., DIRECTOR, ST. FRANCIS FAMILY PRACTICE RESIDENCY PROGRAM, BOARD MEMBER, WICHITA URBAN INDIAN HEALTH CENTER, INC.

As Director of the St. Francis Regional Medical Center Family Practice Residency Program and Board Member of the Wichita Urban Indian Health Center, Inc., I actively support reauthorization of the Indian Health Care Improvement Act of 1976, Senate Bill S. 277 which continues government investment in Urban Indian Health Care Title V P.L. 94-437 ammended 96-537, at a level of 12 million dollars for 1986 and through 1989.

Personal Background

A Board Certified Family Physician in both this country and Canada, I became aware of and sensitized to, the special health needs of the Indian race during my rural practice years in Lipton and Fort Qu'Applle, Sasketchewan. Now more recently, in Wichita, Kansas I have been privileged to volunteer my services in providing medical care to the Wichita Urban Indian Health Center, Inc. For 14 years I have fulfilled an academic role and most recently I am appointed Clinical Professor, Department of Family Community Medicine at University of Kansas School of Medicine - Wichita.

Perspectives

I believe I may respectfully state the following observations:

a) The Indian Health status, based on observations in both Canada and the United States of America - which might be called the historic "Indian Nation", is far below the national level and has incidence of diseases which are far above those experienced by the general population. These diseases include heart disease, Diabetes mellitus, infant mortality, chronic infections, alcoholism, emotional disturbances, and suicide. It has been clearly documented elsewhere by the United States Public Health Service, the Indian Health Service, that the incidence of these grave disease processes is 2 - 6 times higher than the national average. In my opinion, it should be a matter of the greatest concern to the United States Congress and the American citizen that the average life span for the Indian male today is only 57 - 59 years.

b) The Faculty and Residents of the St. Francis Regional Medical Center Family Practice Program are privileged to provide voluntary medical care services on a regular basis to the Wichita Urban Indian community through the facilities of the Wichita Urban Indian Health Center, Inc. In the process of providing this care, Residents-in-Training, with the close supervision of the full-time Faculty, have an opportunity to receive an education in the emotional and physical health needs of the American Indian.

c) Perhaps more importantly the Faculty and the young physicians have an opportunity to become sensitized to and concerned for the special health care needs of the American Indian. These physicians, due to the close and frequent encounters with these special needs, develop sensitivity to and concerns for these special needs. I believe this exposure may in a very real sense lead to increasing numbers of our Family Practice Graduates pursuing a family practice career heavily emphasizing the health needs of the American Indian.

d) I am aware that nationwide thirty-seven (37) Urban Indian Clinics are impacting the health care needs by providing appropriate Preventive Health Care rather than perpetuating inappropriate use of emergency rooms and other long term care facilities, which are very expensive alternatives. It should be emphasized that fifty-three percent of the American Indian population lives in urban settings today.

Refutation

In 1976, Congress in their wisdom, acknowledged that Urban Indians were not receiving adequate or average health care due to cultural and economic barriers and therefore passed the Indian Health Care Improvement Act.

It is with great concern that I am aware that the present Administration is proposing an "Alternative Care Theory" claiming that off-reservation Indians will be eligible for health care and alternative programs supported by Federal Health Care Block grants and other state and local funding agencies.

The Block grants mentioned above, are not reaching every person in the States and in addition urban and rural Indian organizations are not eligible for Federal funding under the Block Grant system. I am unaware of any specific administrative policy that recognizes or addresses the critical health care needs of the off-reservation Indian population.

Requests

With great respect I most strongly urge members of the United States Congress and Committees therein to recommend and approve the reauthorization of the Indian Health Care Improvement Act of 1976 for four more years 1986 - 1989 and at a twelve (12) million dollar figure, in light of Fiscal constraint, beginning FY-1986. This will enable the American Indian population to continue to receive improving appropriate health care services.

In behalf of the St. Francis Family Practice Residency Program, I respectfully state that we are privileged to volunteer our services to the Wichita Urban Indian Health Center, Inc. and will continue to provide voluntary services. The Federal funds received by the Urban Indian Health Center, are, in my opinion, minimal and put to amazingly good use.

Based on my past and present experience, although I have been a proud United States Citizen for only four years, I most sincerely and respectfully urge the Honorable members of the United States Congress and the various committees therein, as representatives of the United States Citizens, to endorse the reauthorization of this Act. I believe the activities referenced above are an excellent example of the judicious use of federal funds together with significant voluntarism. Thank you.

STATEMENT OF ROGER IRON CLOUD, REPRESENTATIVE, OGLALA SIOUX TRIBAL HEALTH AUTHORITY, PAHIN SINTE (PORCUPINE) DISTRICT, PINE RIDGE INDIAN RESERVATION

My name is Roger Iron Cloud and I am the Oglala Sioux Tribal Health Authority representative from Pahin Sinte (Porcupine) District on the Pine Ridge Indian Reservation.

I am submitting this written testimony as an adjacent to oral and written testimony previously submitted by Mrs. Arta Carlow, Chairwoman of the Tribal Health Board, and Mr. Newton Cummings, Chairman of the Oglala Sioux Tribe.

This testimony is intended to support greater emphasis on the need for broader application of rural health systems delivery and planning approaches.

It is often said that no health care system exists in the United States, but instead there is an illness care system in which health is viewed as a renewable resource or a commodity that can be "fixed" if disrepair occurs.[1/]

We, too, feel that this view is commonly held by not only redical practitioners, but from urban planners and individuals with no cultural relationship or knowledge of those being afforded medical care and services.

"Part of the problem that has resulted in inadequate health service coverage at the village level of developing countries stems from an excessive concern with the training of Western-style medical manpower rather than with the delivery of appropriate health services. To deliver culturally effective and efficient primary health care services, a systematic approach of health service planning is desirable, one that examines the jobs of the health system and the constraints within which the system must work, and then determines the functional roles of health workers."[2/]

Being a district cultural entity, we see the emphasis in western medical approaches being thrust upon the Oglala without regard for intermediate use and consultative reliance on traditional healers

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[1/] Stanhope & Lancaster, Community Health Nursing, "Process and Practice for Promoting Health," c. 1984, Mosby Press, page 50.

[2/] Richard A. Smith, M.D., M.P.H., Manpower and Primary Health Care "Guidelines for Improving/Expanding Health Service Coverage in Developing Countries," c. 1978, University of Hawaii Press, pages 21, 22.

and practitioners of the Oglala. This too is an excellent resource that should be recognized in light of the personnel shortages and to bring cultural awareness to medical health services delivery. Many people on the reservation rely on traditional healers or "medicine " for a number of ailments. Reliance on western medical practitioners, in some instances, occurs after visitation to a traditional healer.

As we have maintained our cultural identity, we have found growth in a number of areas elusive and not conducive to broad application at the district level. This stems in part from the fact of no tribal or grassroots input in program services to the fact that emphasis is placed on standards of indistrial nations.

Trends in health, water/sanitation shortages, infant mortality rates, epidemiological problems, inadequate housing and lack of an infra-structure confirm our beliefs that we should be viewed as a third world or developing nation. Statistical facts coincide with that of the Oglala and third world developing nations. With that in mind, it is suggested that rural conducive planning be joined with rural economic development.

"There have been numerous descriptions of efforts to provide primary or basic health services to various segments of populations. Only a few have succeeded in providing total country coverage in this century. The socio-political systems of these successful countries have lent support and creditibility to the practice of having primary health care services linked to rural development."[3]

The World Health Organization has been instrumental in gaining support for health care delivery based on rural development and inclusion of approaches and practices recommended should be studied for possible implementation in the rural areas of the Pine Ridge Indian Reservation.

As we have maintained, less dependence on western medicine concepts and more cognition of traditional approaches coupled with a better understanding of noticeable health trends that are rural or agrarian related would better enhance community acceptance of overall health delivery systems.

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[3] Richard A. Smith, M.D., M.P.H., Manpower and Primary Health Care, page 18.

Epedimealogical studies indicate that infectious diseases declined at the turn of the century while chronic diseases increased at the same time. "This disease transition - not unlike a demongraphic transition - represents a shift in our disease patterns. The reason to be found in a socictal shift from agrarian to an industrialized type of society. Diseases which afflict a given segment of a culture vary with the social and physical conditions which characterize the society at the time."[4/]

Many factors attribute to this decline in infectious diseases, most noticeably that of immunizations, rural health efforts and health education are most evident.

If these factors have coincided with infectious disease control, then why hasn't health for the Oglala changed with the dominent society?

The following is fairly reflective of the general situation at Pine Ridge:

> "A summary of the problems facing health planners in much of the developing world is as follows:
>
> 1. Frequent absence of a clear national health policy, leaving health planners without clear guidelines for program development.
>
> 2. Low priority for health. In the development programs of many countries, health does not receive high priority and health officials must compete for limited financial resources with economically more appealing industrial or agricultural programs.
>
> 3. Imbalances within the health sector giving rise to to emphasis on:
>
>   a. Curative rather than preventive/promotive services.
>   b. Urban rather than rural coverage.
>   c. Hospital care rather than ambulatory care (particularly in allocation of funds).
>   d. Quality rather than quantity of care.
>   e. Training of doctors rather than of auxiliary health workers.
>   f. Scientific rather than traditional medical practice.
>
> 4. Shortage and maldistribution of scarce resources.
>
>   a. Health manpower -
>
>   (i) Seriously inadequate numbers of various types of health workers. The inadequacy is particularly acute for doctors and nurses. Ratios range from one doctor per two thousand persons to one per seventy thousand.
>
>   (ii) Inappropriate training of health workers for the health problems and working conditions of rural areas. Also, it is extremely difficult to induce doctors to work in rural areas. It is

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[4/] G.E. Alan Dever, Community Health Analysis, "A Holistic Approach," c. 1980, Aspen Systems Corporation, page 6.

unlikely that this difficulty will be overcome in the near future barring major social and organizational change in many countries.

(iii) Inadequate definition of roles and delegation of simple tasks to individuals with less but more appropriate training.

(iv) Inadequate utilization of traditional leaders and birth attendants in providing care is a serious planning issue in some developing countries.

b. Facilities, equipment, and supplies. The limited capital available for initial purchase of equipment and supplies is a serious impediment to expanding services. This is compounded by supply management problems, including transport and communication difficulties in getting supplies where they are needed. Health system resistance to changes that would improve supply services and lack of capability for equipment maintenance and repair present serious problems in effective operation of health delivery units. These pose planning problems in new program development.

c. Finances. Shortage of funds is a chronic problem for the health service system in most countries and constant vigilance is required to insure that new programs are affordable and that operating funds will be available for such programs.

5. Inadequate population coverage and underutilization of existing systems. Rapid increases in widely dispersed, frequently mobile populations create difficulties in achieving coverage of the population with the desired health services. Underutilication of available facilities is a problem in many areas; causes for this are critical factors in planning if past impediments to utilization of services are to be successfully avoided in developing new programs.

6. Insufficient or ineffective use of health education.

7. Insufficient community participation in program planning and the operating and financing of health services frequently results in services which a community may not understand, desire, or use. Countries that have improved health services rapidly have paid special attention to community attitudes and participation and have actively sought maximum mass participation.

8. Insufficient educational materials and insufficient numbers of trained tutors frequently hamper development of necessary health manpower and may give rise to inappropriate training for the tasks required. This is particularly characteristic of the training of non-professional primary health care manpower.

9. Inadequate environmental sanitation. This includes unsafe water supply, unsanitary waste disposal, and poor or non-existent vector control."[5]

Utilizing greater tribal input from the Health Authority, recognition of district health concerns, and implementation of successful developing nations systems (where adoptable) would be one start at overcoming many of these obstacles. Emphasis on grassroots (Traditional) concerns, creative financing, utilizing multi-sectoral funding, and emphasis on rural health delivery is just one aspect of the approaches we must undertake for long-range planning and care.

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[5] Richard A. Smith, M.D., M.P.H., Manpower and Primary Health Care, pages 39, 40, 41.

"The long-range viability of rural primary care practice organizations is ultimately connected with the capacity of their directors and/or managers to conceptualize the strategic framework within which the practice organization evolved and exists, and to plan for and manage the organization from a long-range perspective. This planning need not be complex or conceptually overwhelming. It should, however, involve more than any one individual's goals and assessments of the environment.[6]

Your support for broader application of planning and health delivery concepts reflecting conduciveness to district and rural isolation factors would be greatly appreicated.

We urge your consideration of our unmet health needs as follows.

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[6] The Hospital Research and Educational Trust, "Management of Rural Primary Care - Concepts and Cases," c. 1982, page 27.

NAVAJO AND HOPI INDIAN RELOCATION COMMISSION

Statement of Ivan Sidney, Chairman, Hopi Tribe

The Hopi people thank you for the opportunity to testify in this very important matter. Our testimony will be brief and to the point, and we would like our written testimony included in the permanent records of this hearing.

At the outset I would like to assure this distinguished body that the Hopi Tribe is peaceful and law-abiding. For the last hundred years the Hopi Tribe has consistently attempted to resolve the present relocation problem through the American System of Justice and has always complied with the law. The Hopi Tribe has relocated Hopi families which the law has required to be relocated. We are a traditional people who have cooperated and attempted to work things out justly and humanely.

We are here today to ask you to ensure that the law will be carried out. The Navajo-Hopi Relocation Commission should be given sufficient budget support so that it may carry out its mission of completing Navajo relocation from Hopi lands as mandated by your body in Public Law 93-531.

The Hopi Tribe supports all efforts of the Relocation Commission which will complete the relocation of Navajos from the Hopi Reservation by July 6, 1986. Furthermore, the Hopi Tribe strongly objects to any deviation from meeting this objective.

First, we would like to provide you with some hard facts about the relocation. According to figures provided to us last week by Mr. Steve Goodrich, Executive Director of the Relocation Commission, there are approximately 280 to 290 Navajo families who still remain to be relocated from Hopi partitioned lands. As of March 15, 1985, 768 families, comprised of an average of 4.5 persons per family, or 3,456 individuals have been relocated. According to Mr. Goodrich it is anticipated that by the end of FY-1985, 900 families will have been relocated. Of the approximate 290 families occupying the Hopi Reservation, 115 are homesite applicants. This leaves an estimated 185 families who have to date not applied for voluntary relocation.

There are 1,400 Navajo families who do not reside on the Hopi Reservation but who will qualify for relocation benefits under the Commissions current liberal regulations.

Our concerns are two-feld. First, because of the extensive media coverage of this issue, we feel it is important to clarify the numbers involved. Particular media reports are sensationalizing the relocation effort as an inhumane act. Extensive news coverage has focused on the Big Mountain area.

News reports are referring to the so-called "traditionalist" Navajos who live in that area. In fact, there are approximately 45 Navajo families residing in what is referred to as "Big Mountain." Of these, 35 are applicants for relocation. Another fact is that a large group of non-Navajos and non-Indians are now residing in the Big Mountain area. A visual overview shows A.I.M. flags in the area. But, the fact still remains that there are only 10 unwilling relocatee families in the area.

In order to facilitate the work of the Commission, we feel it is necessary to bring these stumbling blocks to your attention. Additionally, we raise these concerns because of the great tax burden imposed on the American taxpayer by these policies.

1. Under the regulations established by the Relocation Commission, an estimated 1,400 Navajo families, averaging 4.5 members per family (6,300) qualify for relocation benefits even though they are already living off the Hopi Reservation and will not in actuality be physically relocated. This is nearly twice the actual number of families that will be relocated from the Hopi Reservation. These pseudo-relocatees will receive the same benefits as those who will actually be relocated.

In fact, there are approximately 280-290 families to be relocated from Hopi partitioned lands. You the Committee and the Hopi Tribe have seen where year after year the Navajo relocation numbers have increased. Yet, the Hopi's numbers have not changed.

The Hopi land office has made an independent verification of Navajo families residing on the Hopi partitioned lands and finds that only 85% of those included in the Commission's estimate actually reside there. The other 15% are Navajos who no longer live there.

This means that the remaining task of the Relocation Commission is much smaller than Congress has been led to believe.

The current requested funds would be more than ample to complete relocation this year if used only for the legitimate relocation of Navahos who are presently residing on Hopi lands rather than for all of the other programs developed by the Commission and the Navajo Tribe.

If the Commission is to be faulted maybe it is for attempting to do too much in developing the Navajo Reservation.

2. Reference is made by the Commission to the need to develop "adequate infrastructure on the new lands to support the resettlement of families," yet, nowhere in the legislative history of Public Law 93-531 is there any mention of the need for infrastructure programs.

Millions are being budgeted for infrastructural development and planning. The Commission has gone so far as to request budget transfer of monies from the funds allocated for housing acquisition to a discretionary fund. We must, as is it the goal of the Navajo Tribe to get the Relocation Commission and therefore the Congress to develop the entire Najavo Reservation under the pretense of relocation. Is it the intent of Congress to develop communities in a style that no other reservation, no town, no other village or city have ever seen? We think not. It is time for the Navajo Tribe and its leaders to accept responsibility for the action of its people. The Navajo Tribe reportedly receives over 500 million dollars a year for direct and indirect services. This does not include state, federal grants or royalties from its mining and business operations. It is time that the Navajo Tribe is held accountable.

3. An objective stated by the Commission is to "utilize discretionary funding assistance for projects designed to facilitate and expedite relocation efforts through practical land usage alternatives." To accomplish this objective, the Commission states that funds will be used "to assist both tribes in meeting and reducing the burdens imposed by the Act." (Emphasis added)

Contrary to this statement, however, the Commission directs "significant efforts" for the use of these funds "to initiate economic development planning." The budget submission is replete with references to economic planning and development, primarily in locations designated for Navajo relocatees. It seems quite apparent that the Commission unilaterally extended its interpretation of "reducing burdens" to include economic development. Even so, there appears to be no effort to reduce the burdens imposed upon the Hopi relocatees.

For example, the area near the junction of State Route 264 and County Route 6, occupied by the Hopi relocatees remains devoid of improved roads, utilities, water, sanitation facilities, etc. While it may be argued that the Hopi relocatees in the area are small in number and choose these unimproved sites, the fact is that the Commission has a responsibility to assure that the members of both tribes receive equitable consideration for easing the burdens of relocation. This would be a far more humane utilization of discretionary funds, regardless of cost.

The Commission, in a recent program update and report, indicated the possibility of reduced discretionary funds for FY 1986. If so, it would be most logical to eliminate economic planning and development.

There clearly appears to be a need for more direction in the relocation process. There have been abuses of the system. For example, several families who received their relocation benefits for off-reservation relocation, were still, able to relocate back onto the reservation through the assistance of the Commission.

4. The objectives defined in the justification are not consistent with the statute. Item number one of the "major objectives" listed in this report include conducting monthly meetings. This is indicative of the misplaced emphasis of the Commission's efforts. Item number one should be the

relocation of all remaining Navajos from Hopi lands within the year. Item two should be the development of a plan to handle temporarily, any family not permanently resettled.

The Commission is skirting and avoiding confrontation with "hard line" issues regarding the relocation of Navajos from Hopi lands. Their attitude seems to be "we'll cross the bridge when we get there" and that these issues will be resolved by the "talks" that the Navajo and Hopi chairmen are presently engaged in. For the record, the Hopi Tribe has not, as stated by the Commission, proposed land exchanges to the Navajo Tribe. In fact, such proposals were extended by the Navajo Tribe.

The Relocation Commission has not been involved in the talks between the two tribes. Nor did we at any time tell them that we would consider a land exchange. The talks were our effort to attempt to work with our neighbors. But while the talks were taking place the Navajos used that time as an opportunity to lobby against Public Law 95-531.

It is time that the Commission face the fact that the Navajos will do all they can to avoid relocation. The Navajo Tribe has dragged its feet for ten years to delay relocation. It has blocked resettlement of Navajo families. For example, the Navajo Tribal Council passed a resolution prohibiting relocatees from being resettled on the Navajo reservation. The Navajo Tribal Council has been delayed until the last possible moment any selection of new lands and has put off land exchange discussions.

If the Navajos continue to do all they can to avoid relocation, a plan must be developed to "force" relocation.

The application deadline date for voluntary relocation is July 7, 1985. After this date, the Commission will consider any and all Navajos still domiciled on Hopi lands as "involuntary" relocatees. As yet, there is no plan to deal with these persons when the time comes.

The Commission should be taking steps now to avoid the possibility of involuntary relocation. Plans should be developed to advise the Navajos of the consequences should they become "involuntary" relocatees. This may serve as an incentive for some families to voluntarily relocate and, thereby, avoid confrontations and consequences as a result of violating the law.

During FY 1985 the Commission should plan to implement a campaign to obtain voluntary relocation applications prior to the deadline.

5.For the record, we would like to clarify that the Commission reports invariably will make references to working, coordinating, and conferring with the Hopi Tribal Chairman. Perhaps so. However, this is not necessarily the case in regard to matters in which the Hopi Tribe has a strong interest.

For example, the Commission budget attempts to justify requests for funding by constantly referring to needs for Navajo and Hopi relocatees. The Hopis have all been relocated. In its current request, the Commission refers to millions of dollars for development. The Commission should clearly delineate how the dollars are to be spent between the two tribes.

We do not wish to have the American taxpayer believing that the Hopi Tribe is benefiting from all this money, because we are not. We do not want Congress to be led to believe that millions upon millions of dollars are going to Hopi relocatees. We want the American taxpayer and Congress to know that the Hopi people are anxious to resolve this long and tenuous problem. We want the American taxpayer and Congress to know that the Hopi people are law-abiding and conscientious. We want the American taxpayer and Congress to know that the Hopi Tribe voluntarily complied with the law and assisted in relocating its tribal members.

Mr. Chairman, and members of this distinguished body, as you know, we have had an on-going dispute with the Navajos for over one hundred years and through that period the Hopi Tribe has tried pecefully to negotiate and discuss our differences. We are hopeful that Congress will seize this opportunity and help resolve this issue once and for all.

The Hopi people are very appreciative of the help of President Ronald Reagan, the Congress, and the efforts of former Interior Secretary William Clark and his assistant Mr. Richard Morris. All of us together, must review the process, funding and intent of the law closely, in order to help find ways to move this process forward in 1985.

We, the Hopi Tribe offer our help and support as we have in the past, to help achieve this goal.

Mr. Chairman, we thank you and this distinguished body for taking the time to listen to our testimony today.

STATEMENT OF PETERSON ZAH, CHAIRMAN, NAVAJO TRIBAL COUNCIL

Mr. Chairman, members of the Committee, I want to thank you for the opportunity to present the views of the Navajo Nation.

This is a time for concern about every federal dollar spent. The Navajo and Hopi Relocation Commission and its programs have required significant federal expenditures already, and

I believe little but human suffering has been bought with those dollars.

The Navajo and Hopi Indian Relocation Commission has been charged with the responsibility for the forced relocation of 10,000 Navajo people from their ancestral lands. The Navajo families who are subject to relocation are blameless in bringing about the dispute that now forces their removal. Despite earlier recognition by all that this problem was created by the federal government, there has been a continuous retreat from fulfillment of that federal responsibility. Part of the fulfillment of that obligation was that any relocation was to take place pursuant to a plan that shall:

> "take into account the adverse social, economic, cultural, and other impacts.... and be developed to avoid or minimize, to the extent possible, such impacts"

and to:

> "assure that housing and related community facilities and services, such as water, sewers, roads, schools, and health facilities for such households be available at their relocation sites"

Public Law 93-531 Section 13(c)(2) and (4).

Since 1976, the Relocation Commission has relocated over 750 Navajo families at a cost of nearly 85 million dollars.

Over half of those families were relocated off the Navajo Reservation. Of those, fully 1/3 have already lost their homes. Many more homes are heavily mortgaged and in danger of being lost.

But that is merely a symptom of a much deeper problem. These families were unprepared for the transition to life off the reservation and little or nothing was done to prepare them.

A 1981 study prepared for the Relocation Commission identified three areas of preparation which are important for a successful relocation to take place:

1. education
2. job training
3. financial assistance

Despite the findings of this study, the Commission to date has made no significant effort to provide these services. No educational resource fund has been established, only minimal employment skills training has been provided, and what has been provided appears to be unrelated to job market demands. Financial training is available, but is erratic and inadequate.

As a result, families ill-placed in off-reservation sites find themselves stripped of their accustomed ways of survival. They are away from family and community support, without the necessary educational or job skills to acquire employment. Most Navajo relocatees have difficulties with language and are trying to cope in an essentially alien culture.

Many Navajo relocatees have managed to survive. Far too many have, however, been forced to mortgage their homes in order to meet basic needs. Others have fallen prey to unscrupulous merchants who have arranged sales of pickups or other goods at exorbitant interest rates and other impossible terms. This is leading to the loss of the relocatee homes which are used to secure the consumer loans.

Many families received relocation homes which were not the "decent, safe and sanitary" dwellings promised by section 15(b)(2) of the Settlement Act. One Navajo legal services program has pending 155 claims of inadequate relocatee housing. The estimated average home repair cost is set at $15,000. Two homes built for relocation under Commission supervision have been condemned. Promises to provide the "water, sewers, roads, schools, and health facilities ... at their relocation sites" provided for in the Act have not materialized. It is distressing to see a fully electric home built where neither electricity or running water are available.

Too often relocation homesites are being placed in on-reservation host communities already overburdened by high unemployment and greatly diminished grazing or farming lands with no attempt at providing a substitute for the economic stability which is stripped away with the forced move. Far from minimizing adverse impacts of relocation, the pressures and limitations of the relocation program are dramatically increased.

These and other details of the effects from psychological stress, economic problems, and loss of homes and other resources serve to demonstrate that the adverse social, economic, cultural and other impacts have not been avoided, and more sadly, little has been done to minimize them. Indeed, even the minimal counseling offered by the Commission seldom exceeds two visits with the family being relocated.

The requirements of the law have not been fulfilled. Even as I testify to you today, Navajo families are being processed for "relocation" in a setting where little or no facilities to meet these needs are being provided.

I do not lay full blame for this with the Relocation Commission. Theirs is, as they say, a thankless job. And while I regret the emphasis the program has pursued, I fully acknowledge that the Congress has consistently failed to provide adequate funds to fulfill the task laid upon the Commission.

While this situation is disastrous, the worst of it is yet to come. The 1981 study prepared for the Relocation Commission indicated that those now being relocated may be the best able to cope with the trauma of relocation. Those yet to be relocated far outnumber those families already moved. Nearly 2,300 families have been certified as eligible for relocation and an estimated 400 additional families residing on the HPL are eligible for certification. That means the program is not yet 1/3 finished.

Those families yet to be relocated were found in the 1981 study to have lower incomes and a greater dependency on non-wage livestock based sources than families already relocated. Those awaiting relocation were found to live in more remote areas, in more culturally bound settings, to have less education and fewer of the skills necessary to make a successful transition.

The families I describe here today are those who have relocated "voluntarily." They did so relying on the promises of the federal government. They have not been dealt with in good faith. The compliance of those awaiting relocation will depend, in some degree, on how their friends and relatives who relocate ahead of them are treated. Congress has it within its power to provide alternatives.

Relocation can and should be halted before it becomes more of a national disgrace. Lands can be exchanged and boundaries redrawn to minimize relocations while securing to the Hopi Tribe, within their traditional area, the same amount of land. These adjustments could greatly decrease the human suffering and enormous costs of the relocation program.

Relocation should be halted now in any event. The experience of the past ten years demonstrates the total inadequacy of the present program. That program must be completely revamped to avoid the errors of the past. In addition those people who have already been subjected to the adverse impacts of shoddy relocation efforts must finally receive the full benefits of the promises made by the Act and the Relocation Commission. This includes the provision of community facilities in host communities that absorbed significant numbers of relocatees.

If relocation is to continue it must be changed. It is a terrible thing to forceably remove a family from its home to a strange place. The requirements of the law that such trauma be minimized must be met. Time, money, land, and planning must be provided.

The Relocation Commission submitted to OMB a budget of 32 million dollars for FY'86 for the preparation and development of new lands for relocation. OMB deleted that from the Commission's request. That is but one example of the callous disregard of the federal promises made in committing to this course. Similarly, we understand that the House Appropriations subcommittee directed BIA and IHS in 1980 to prepare rehabilitation plans for the former JUA. A directive which has simply been ignored. This is the wrong way for these agencies to act with respect to the Congress. It is also clearly the wrong way for our trustee to act towards us. We expect and demand more for our people.

No amount of money could create the infrastructure necessary to accommodate a relocated community overnight. Time is needed to plan for and implement the process required. On the other hand, no amount of time to create such infrastructure is sufficient without the funds to provide roads, sewers, utilities, schools, relevant job training and counseling.

While we have no way to make a detailed analysis, past costs indica[illegible] that such a process will require no less than an additional 300 million dollars of federal expenditures over the estimated 210 million federal dollars already expended.

We urgently seek alternatives to this ill-conceived process. But if it must be, then it must be done properly, in full compliance with the letter and spirit of the law.

Our final note. We deeply appreciate the recent concern expressed by President Reagan over this issue. The Navajo Nation welcomes and supports the assistance of Judge Clark and Richard Morris in the further attempt to resolve this problem fairly and humanely.

Mr. Chairman, I again thank you for this opportunity to be heard on this issue. I request that the record be held open for a period of two weeks so that we may provide the Committee with additional information. Thank you.

NATIONAL ENDOWMENT FOR THE ARTS

STATEMENT OF THE AMERICAN ARTS ALLIANCE

INTRODUCTION

Mr. Chairman and members of the Subcommittee, the American Arts Alliance -- a consortium of over 350 performing and exhibiting arts institutions -- is pleased to present testimony on FY 1986 funding for the National Endowment for the Arts. The following statement, written in cooperation with OPERA America, Theatre Communications Group, the Association of Art Museum Directors, American Symphony Orchestra League, and Dance/USA, is submitted today for your review.

Our request for future funding for the National Endowment for the Arts comes at a special time in Endowment history. The celebration of the Endowment's twentieth anniversary is a time to reflect on the phenomenal evolution of art in America over the past two decades. At the same time, it presents an occasion to consider the needs of the Endowment in its continuing pursuit of excellence and accessibility in the arts.

The Administration's FY 1986 budget proposes an 11.7 percent cut in Endowment funding, a decrease to $144.4 million from the current $163.7 million. This reduction, significant in any circumstance, is all the more severe in light of the Endowment's already limited budget and size. To further the work of this small but critically important federal agency, we recommend FY 1986 funding of $175 million.

It is surely no coincidence that the rapid, expansive growth of the arts in this country has occurred concurrently with the expansion of the funding programs of the National Endowment for the Arts.

The handful of nonprofit theaters that existed in the country barely two decades ago has expanded to a nationwide network of more than 250 theaters today. Opera experienced unprecedented growth during the 1970's when the founding of 44 percent of professional American opera companies brought the art form to such far-flung locales as Anchorage, Alaska; Fargo, North Dakota; and Durango, Colorado. The number of symphony orchestras has grown from 1,385 in 1965 to more than 1,500 today; fully professional dance companies now number 125; and a recent study shows that more people visited art museums, galleries, and historical monuments in one year than went to movies or read magazines or books.

But nonprofit theater, opera, dance, art museums, and symphony orchestras have expanded not only in numbers. An era of creativity, experimentation, and growth in artistic quality, encouraged in large measure by the leadership of the National Endowment for the Arts, has occurred concomitant with numerical growth.

OPERA

Federal funding has created a climate in which dozens of new companies have been formed and corresponding increases in the number of performances and productions have enabled substantial numbers of singers, conductors, directors and designers to make full time careers in this country. The repertoire has been expanded and a growing number of new works has been mounted by opera companies of all sizes throughout the country. The Endowment's New American Works program, for instance, has begun to revitalize American repertoire by helping in the creation of contemporary works that reflect our beliefs, concerns, environment and our unique American character in all its diversity. Endowment initiatives have supported touring to communities that would otherwise never have had the opportunity to experience live professional performances, as well as education and outreach programs that extend opera to new and non-traditional audiences. Through Endowment support, professional training programs for young performing artists have also become increasingly available.

But since 1981, Endowment support has not kept pace with either the growth or the needs of the field. A recent OPERA America study shows that over the five-year period from 1979-1983, opera expenses grew at a faster rate than income. The result is that each year a growing number of opera companies is facing increasingly serious deficits. While the opera field continues to grow, the percentage of companies' total income coming from NEA funds continues to decrease.

THEATER

The creation of the National Endowment for the Arts provided the national recognition the nonprofit theater needed to be woven into the fabric of American life as an essential cultural force. As playwrights, actors and designers have helped to create the nonprofit theater, their work has become a forum for distinct American voices, expanding our knowledge of an increasingly complicated world. For over a decade, the Pulitzer Prize for Drama has been won every year by an author whose work was largely developed and presented in nonprofit theater.

Over the past three seasons, however, real progress seems to have ceased. The cost of doing business has grown faster than available income. At the same time, the traditional public and private sources of funding have undergone radical change. The consequence is deficits that are big and getting bigger.

According to Theatre Communication Group's annual survey of the finances and productivity of American nonprofit professional theater, 53 percent of the 230 theaters surveyed ended their 1983-84 seasons in the red. Support last year from the federal government -- which for nearly a decade was one of the most important and egalitarian sources of theater funding -- plummeted to fourth place in the hierarchy of theater's five major funding sources. Major funding from foundations has been replaced by increased dependence on a larger number of smaller gifts from corporations and individual donors.

These conditions, combined with nonprofit theater's only recent emergence from the boom-or-bust cycle of commercial supply and demand, mean that potential cuts in the National Endowment for the Arts would hit nonprofit theater especially hard.

SYMPHONY ORCHESTRAS

Endowment support has been vital to the expansion and growth of America's orchestras. Special concerts for youth, minorities, the elderly, and the handicapped; educational concerts; tour and other performances outside the home hall; and free performances are the means by which symphony orchestras offer programs to new audiences. These valuable programs are most often the first lost when symphony funding is reduced. Since 1981, when the Endowment support essential to the continued availability of these programs was first cut, their number has declined considerably.

While the Endowment's unique Advancement and Challenge Grant programs have been developed to strengthen the long-term financial stability of arts institutions, most orchestras have yet to achieve the financial footing they need in order to develop, to take risks, and to continue to create. In 1984, the total deficit of orchestras was three times larger than in 1983. While overall public support has grown since 1980, support from the National Endowment for the Arts has declined, both in total dollars and as a percentage of expenses. As budgets have become tighter, programs and services have been curtailed.

ART MUSEUMS

Art museums have been leveraged by a responsive government and populace to become recognized as great national resources. The public comes to see not only their special exhibitions and collections, but to take part in classes, tours and other stimulating and educational activities. Federal grants have helped generate the funds necessary to create these new programs and public innovations. Exhibitions, conservation, research, sharing of collections with rural communities and many other projects have been developed in part from federal grants. Endowment support to date has been valuable, but much more needs to be done if museums are to realize their full potential as educational institutions and as representatives of the diverse American society they serve.

The economic situation in art museums is extremely fragile. Museums currently struggle to maintain balanced budgets, deferring needed attention to fundamental operational issues which the National Endowments and the Institute of Museum Services have identified and helped to support. Operational income increases have still not accounted for the legacy of years when less than adequate support prevented proper staff and program development, conservation of works of art and environmental controls. The main challenge for museums in the near future is achieving financial stability. The unique combination of public and private support that has traditionally provided a foundation upon which the arts can flourish must be continued, but cannot do so without help from the Endowment.

DANCE

Although dance, the youngest of the performing arts, is still in the process of setting down its artistic and institutional roots, it has established a loyal following. Audiences continue to grow, and according to Louis Harris & Associates, attendance increased by 36 percent between 1980-1984. Endowment money has helped companies in their efforts to tour, to extend the length of their performance seasons, and to support choreographers in their efforts to develop new productions. With a premium placed on both well-trained, technically superior dancers, and on new work, the costs of dance are very high. Add to these expenses the sets, costumes and live music that increase appeal for audiences, but which strain budgets, and it becomes clear why there is an earnings gap in the field of professional dance.

The contributions of the National Endowment for the Arts -- through its Dance, Inter-Arts, and Challenge programs -- have helped fill that gap. But in recent years, the federal contribution has fallen continually, reaching a low last year of three percent of total income. This drop-off, combined with soaring expenses, diminishes the capacity of dance institutions to fully develop their craft and bring it to the American public.

CONCLUSION

This brief overview points out the striking similarities in the growth, current conditions, and relationship to the Arts Endowment of dance, nonprofit theater, symphony orchestras, art museums, and opera. But our discussion would be incomplete without mention of the current and future needs and challenges of these fields.

In order to preserve the vitality of these art forms and maintain the continued high quality of performance and exhibitions, institutions must:

- increase rehearsal and other preparation time
- find the resources to reduce the artistic and financial risks involved in the creation of new works and special exhibits
- meet the rising costs of production without increasing ticket prices so that the arts will remain available to people of all income levels
- develop student education programs which include performances, exhibits, curriculum guides, teacher training, and student-created productions
- establish more adult education programs that ensure the development of future creators, performing artists, and discerning audiences
- provide sufficient funds for necessary museum conservation programs, and a mechanism by which collections data can be obtained and analyzed
- offer training programs for apprentices, interns and new companies

But none of these goals can be achieved until arts institutions find a way to strengthen their current financial profiles and provide for their long-term fiscal stability. As our nation's nonprofit theater, dance, opera, art museums, and symphony orchestras face the future, this is indeed their overriding concern.

The following fact sheets provide further details on the current status of each of the various disciplines.

OPERA FACT SHEET

- There are now approximately 90 professional opera companies in the United States, compared to 27 in 1965. Thirty-six of today's companies have budgets in excess of $1 million.
- Opera companies today employ more than 23,000 individuals in full and part-time work as orchestra players, choristers, dancers, carpenters, seamstresses, administrative staff, etc. Total attendance at performances by professional opera companies in theUnited States in 1982-83 reached 5.5 million.

Operating Costs

- Sixty-two percent of all opera company expenses were for personnel.
- The total combined expense budgets of professional opera companies for the 1984-85 seasonis approximately $225 million, an increase of 21 percent over a two-year period.

- Over the five-year period from 1979-1983, studies of a sample group of 53 companies show that total income increased 71 percent. Expenses, however, grew at a faster rate, increasing by 76 percent over the same period.

- In a one-year period, the number of companies reportingan operating loss grew from 41 percent to 45 percent of the companies in the OPERA America survey universe. The field showed an aggregate deficit for the fourth consecutive season.

- Opera companies are devoting ever-increasing financial resources to fundraising and development activities. In the past five years, development expenses have nearly tripled. In 1982-83, alone these expenses increased 30 percent.

Income

- Fifty percent of opera income is derived from box office sales and other earned income sources.

- Of the major funding sources, the federal government provided the lowest percentage of support, with National Endowment for the Arts support declining from 2.4 percent to 2.3 percent of companies' total income from FY 1981-82 to FY 1982-83.

- OPERA America's most recent fiscal survey of the professional opera field, covering the 1982-83 season, shows that donations from individuals represented 16 percent of total income, corporations six percent, and foundations five percent.

THEATER FACT SHEET

Operating Costs

- Salaries, fees, royalties and commissions accounted for more than 60 percent of all theater expenses, reflecting the traditionally labor-intensive nature of the field.

- Growth and expenditures for administrative staffs continue to outpace increases in artistic and technical salaries, as more time and energy must be devoted to marketing and fundraising in an effort to make ends meet. While increased efforts have produced increased returns, the dependence on marketing and fundraising has diverted resources away from the theater institutions' central artistic mission.

Income

- For the first time in five years, the growth in total contributions outpaced increases in both earnings and expenses; but this growth failed both to close the widening earnings gap and to counteract the effect of the half-decade of erosion in the share of expenses covered by grants and contributions.

- Total earnings from box office receipts and other sources increased by almost 11 percent over the year before and paid for nearly two-thirds of all 1984 expenses.

- At the same time, federal support -- once the leading source of theater funding -- plummeted to fourth place in the hierarchy of the five major sources of contributed income. The impact of federal support has declined significantly in recent years and has failed to keep pace with the needs of the field, growing only 30 percent over the past five years compared to the 71 percent rise in costs.

- Donations from individuals comprised the largest source of theater support, as gifts from more than 82,400 individuals increased over 1983 by a resounding 27 percent.

- Corporate and business support grew by 24 percent in 1984, and leapt to second place among the five major sources of contributions. The dynamic growth of corporate support over the past five years is the most important new development for the nonprofit professional theater since the establishment of the National Endowment for the Arts in the mid-1960's.

- Foundation giving, the pioneer in funding and the early development of nonprofit theater, fell by nearly seven percent in 1984, dropping to last place among the major sources of contributions.

ORCHESTRA FACT SHEET

- The more than 1,500 American orchestras now in existence employ more than 1,700 conductors and 66,000 players. Their services to the community are assisted by more than 176,000 volunteers. During 1984, those orchestras gave more than 19,000 performances.

- C.W. Shaver and Company, a nationally recognized fundraising consultant in the arts, has said the optimal endowment size for an orchestra is twice its annual operating expenses. Judged by that criterion, only four of the 30 major orchestras have sufficient endowment funds. Major orchestras would have to raise anadditional $50 million to raise their endowments to the level of their expenses and an additional $256 million to reach the mark recommended by the Shaver Company.

Operating Costs

- Total 1984 expenses for the 158 major, regional, and metropolitan orchestras (professional orchestras with incomes greater than $265,000) were $389.8 million.

- Since 1980, orchestra expenses have grown 55 percent.

- In 1984 the total deficit of orchestras was three times larger than in 1983 and larger than at anytime in the last five years.

Income

- Orchestras earned 56.5 percent of their 1984 expenses.
- In the past five years, Endowment support as a percentage of total orchestra expenses has fallen from 4.2 percent to 2.2 percent. For the larger orchestras, it is even lower. During the same period, public support has grown 14 percent.
- While corporate giving to orchestras continues to increase, it is doing so at a slower rate. From 1980 to 1982, corporate support grew 42 percent. From 1982 to 1984, however, it grew only 26 percent.
- In 1983-84, foundation support made up only 1.54 percent of total revenue.

ART MUSEUM FACT SHEET

- The number of art museums has steadily increased over the past decade by at least ten per year.
- Public attention and praise for "mega-exhibitions" has obscured the fundamental missions of many museums, diverting attention by the public, trustees and staffs from the more urgent priorities of conservation, education, and scholarship.

Operating Costs

- Most museums spend less than five percent of their operational budgets on conservation, yet recent Institute of Museum Services surveys show that an overwhelming majority of these museums consider conservation of their collections of the highest priority.
- More business training and interpretation for staff help is essential to museum operations planning.

Income

- Federal support of museums through programs at the Arts Endowment, the Humanities Endowment, and the Institute of Museum Services contributes less than five percent of the total operating budgets of museums in this country, but continues to generate two to four times its value in matching private support.
- In 1983, 34 percent of museums surveyed reduced their budgets.
- While many museums are attempting to increase their endowments for operational support, the percentage of income from these sources is still less than 20 percent.

DANCE FACT SHEET

- Fully professional dance companies number 125, with as many as 100 more ballet and modern dance companies working actively toward that status.
- The average age of larger professional dance companies is 14.4 years.
- Only two dance companies own performance space and only fifteen dance companies own rehearsal or administrative space.
- Dancer salaries are among the lowest in the performing arts. While those in the 19 companies with American Guild of Musical Artists (AGMA) contracts earn $15,000 annually, the overall average annual salary is $7,500 in FY 1983.

Operating Costs

- Dance companies' budgets range in size from $50,000 to $16 million.
- Only ten companies have cash reserves and thirteen have endowments. The average size of endowments is equal to only ten percent of annual expenses.

Income

- Income for professional dance companies amounted to approximately $110 million in FY 1984.
- Touring is critical to modern dance where 75 percent of earned income is derived from performances away from home.
- Federal support for dance companies amounted to three percent of total income in FY 1984, down from six percent in FY 1980.
- Corporate contributions amounted to 5.7 percent of income.
- Foundation contributions amounted to 6.7 percent of income.
- Of total FY 1984 income, 66 percent was earned and 34 percent was contributed.

LETTER FROM ALAN L. ERDOSSY, EXECUTIVE DIRECTOR, VERMONT COUNCIL ON THE ARTS

April 9, 1985

Senator Patrick Leahy
United States Senate Office Building
Washington, D.C. 20510

Dear Senator Leahy:

As you know the citizens of Vermont showed great leadership when they established a statewide Council on the Arts even before a National Endowment for the Arts had been created.

I am writing to encourage you to continue that tradition. The Vermont Council on the Arts asks that you urge Congress to appropriate $175 million dollars for the National Endowment for the Arts for next year.

Federal support for the arts has made a tremendous difference in this the most rural of states. Through its financial support of the VCA, the Endowment touches the lives of all Vermonters.

Why is our only major city, Burlington, rated one of the nation's most livable? Why without a seashore, a Mt. Katahdin or Mt. Washington do tourists flock to this state for annual holidays? Why do recent studies show that families continue to move to Vermont? We believe that it is the very fabric of day to day life here that makes this place so special and the arts, in all their forms - in the schools - in the townhalls - in the parks - play a key role in developing the high quality of life found here.

You can help us continue this strong cultural tradition by supporting not reducing the NEA's budget.

Sincerely,

Alan L. Erdossy
Executive Director

STATEMENT OF PETER FANNON, PRESIDENT, NATIONAL ASSOCIATION OF PUBLIC TELEVISION STATIONS

Our Nation's public television stations strongly support an increased federal commitment to the arts and humanities through programs administered by the National Endowments for the Arts and Humanities. We wish to go on record in favor of the maximum feasible levels of support for both Endowments as well as for the allocation of funds in each for media projects, which are extremely effective tools for the Endowments' missions. We also wish to register our enthusiasm for continued funding at the highest possible levels for the Challenge Grant programs in both Endowments.

Over the past several years, the Congress has courageously stood fast against attempts to cripple the Endowments and their mission to encourage, support and promote the arts and humanities in this country. Those of us in the public television community are grateful for your successes and hopeful that they will continue.

In supporting the work of the Endowments, the Congress has mirrored the continuing upward trend in American citizens' participation in and attendance at arts performances and institutions. The "Americans and the Arts" survey recently completed by the Louis Harris Poll shows that attendance in this country in every category of performing arts is up from 1980--at theater, attendance is up 2%, at live classical music concerts, up 8%, at dance performances, up 9%, and at opera, up 10%.

By providing at best modest levels of federal support to the arts and humanities, the Endowments have done more than promote our country's talent, artistic gifts, and rich cultural heritage; they have laid the cornerstone of support on which individual and corporate donations can build to create great artistic institutions, be they performing arts companies, symphonies, or other organizations. (Lists of 1984 grants for public television projects are attached.)

Public television provides a window into these activities and institutions for many of our citizens who otherwise would never see or experience their benefits. For example, the average audience for a single public television program on Kennedy Center Tonight is 5.5 million viewers--nearly four times the 1.5 million people who annually attend the performances in all the concert halls, theaters, and studios of the Kennedy Center itself. In terms of race, education, and income level, the audience for this sort of programming mirrors the nation as a whole. A disproportionate percentage of the viewers is over 50 years of age and not in the work force, leading to the conclusion that this programming may be providing the only glimpse of culture to elderly, disabled, or low income Americans. (Profile of the public television audience is attached.)

While we acknowledge that there is no substitute for attendance at live arts performances, we would add that public television arts programming provides an important and enticing invitation to the lively arts to many Americans. The same Harris Poll I referred to earlier showed television does not replace live attendance to museums and performances; it expands it. In the words of PBS Senior Vice President for Programming Suzanne Weil, public television is "where high culture meets popular culture." Results of a survey completed in the late 1970's showed that over 60% of the audience for the spring performance of New York's Joffrey Ballet was prompted to attend after watching Dance in America on public television! In the face of rapidly escalating costs of taking companies on tour, directors of major arts companies, including the Metropolitan Opera, have acknowledged their interdependent role with public television is more important than ever before.

Prominently featured in the special Academy Award presentation this year to the National Endowment for the Arts were the time-tested and popular PBS series Great Performances, Live from Lincoln Center, Live from the Met, and American Playhouse. With the help of both the Endowments, Great Performances in this season has been able to bring viewers such masterpieces in Dance in America as "An Evening of Dance and Conversation with Martha Graham," and "American Ballet Theatre at the Met." Other programs on schedule for the series' 12th season this year include A.R. Gurney's "The Dining Room," "You Can't Take it With You" with Jason Robards, Stephen Sondheim's "Sweeney Todd," "Lena Horne: The Lady and Her Music," and the television premiere of "Koyaanasquatsi," a film by Godfrey Reggio with a score by Philip Glass.

Since 1976, the telecasts of Live from Lincoln Center have been seen by millions of viewers. One of the most celebrated series on television, it has received five national Emmy Awards and 22 nominations, the first Television Critic's Circle Award for Achievement in Music, and a Peabody Award. For its tenth season, funds from the Endowment will help televise Bizet's Carmen by the New York City Opera, an all Bach program by the Chamber Music Society of Lincoln Center and the Academy of Ancient Music Chamber Music Ensemble directed by Christopher Hogwood, and the New York Philharmonic Orchestra performing with such guest artists as Pinchas Zukerman, Kathleen Battle, Shlomo Mintz, and Emanuel Ax.

Likewise, the series Live from the Met and American Playhouse have provided eight and five seasons respectively of great opera and drama to the public with the assistance of both the Endowments' media programs. For example, this year's telecast of Aida on Live From the Met attracted 11.5 million viewers.

Without the early, important commitment of funds from both Endowments for these series, it is unlikely that they could have been initiated or could have prompted such prominent corporate underwriting commitments. Funding from the Endowments will continue to be critical to the success of these series and to new productions in the works.

This summer will mark the premiere of Alive from Off Center, a showcase for innovation in the performing arts being produced by KTCA-TV in Minneapolis. This series fuses video technology with new wave theater, music, and dance, giving the audience an opportunity to see works of today's most adventurous performing artists. WQED in Pittsburgh is in production on Notes from the New World, a four-part series on new American music, and a major series on architecture is currently under discussion with Emmy Award-winning producer Charles Guggenheim.

Cooperative ventures between the Endowments, the Corporation for Public Broadcasting, and local stations have made possible high quality series that underscore our nation's rich heritage. The highly acclaimed family audience series Wonderworks would not have been possible without the substantial support of the Endowment for the Humanities. "Booker," the showpiece of that series, attracted eight million viewers, including a high percentage of minorities. Wonderworks has been an important addition to the national public television schedule and has high promise for the future if funding can be continued.

The tradition of the American Playhouse's presentation of such fine ethnic productions as "The Ballad of Gregorio Cortez" and "My Palikiri" has been followed by the presentation of "For Colored Girls Who Have Considered Suicide When the Rainbow is Enough," which received the highest minority audience of any program distributed by PBS in the last four years. This year, American Playhouse will feature "El Norte," the epic story of Hispanic immigrants coming to America. Funding for "El Norte" came from a shared production cost arrangement which provides for limited theatrical showing first, then general public television showing later. By working in this fashion, American Playhouse is following a pattern set earlier by public broadcasters in Germany, France, Sweden, and recently by the new fourth channel in England. This innovation has proved to be an excellent way to stretch scarce dollars.

In the initial stages of development is a joint project of the Humanities Endowment, the CPB/Annenberg Project, and the BBC, The Africans, a major nine-part series that will explore the history of Black Africa. It is hoped that this series when completed and aired will attract the sizeable audiences that viewed two other recent prime time series--Heritage: Civilization and the Jews (7.3 million viewers) and Vietnam: A Television History (13 million viewers).

Also worth more than a passing mention is the use of series like Heritage, Vietnam and The Brain within the Public Broadcasting Service's Adult Learning Service. Half a million students, many of non-traditional college age, have enrolled in the telecourses at universities throughout America, viewing these series and using the accompanying textbooks for college credits.

One area of Endowment funding not normally associated with public television is the Challenge Grant program. The combined records of some of our stations' fundraising capacity and their high quality arts and humanities programming have made them ideal candidates for Challenge Grants from both Endowments.

In Fiscal Year 1984, three public television stations won humanities Challenge Grants to establish their own endowments to purchase and/or produce humanities programming. In the year since

WMFE-TV in Orlando, Florida, received its Challenge Grant of $100,000 it has already surpassed the half-way mark toward its outside matching goal of $300,000. With the funds earned off their new endowments thus far, **WMFE** has been able to provide its central Florida viewers with programs like American Playhouse which it would otherwise have had to cease showing.

KUON-TV in the Nebraska Educational Television Network, another recipient of a fiscal 1984 Humanities Challenge Grant, has already two-thirds completed its $1.5 million fund matching drive. **KUON** has capitalized on the great public relations value of the Challenge Grant award to bring attention to their fine record of humanities program production and to their dedication to long range planning in fund raising. With such fine shows as their four-part Mark Twain series and the Hidden Places: Where History Lives series already in their portfolio, they have been able to convince a consortium of eight western state Humanities Councils to contribute directly to their programs. The Hidden Places series has taken viewers to the Candylands Wilderness of Utah, the Zuni Pueblo in New Mexico, South Pass City in Wyoming, and other places in the Plains and the West to show the integrated history of Americans and the land on which they live. On the heels of this series' success, the **Nebraska Network** is either researching or actually producing new shows on the history of farm activism, the story of the Genoa Indian School, and a one-man show on populist William Jennings Bryant.

Among recipients of Humanities Challenge Grants in the current year are a number of stations, including **KLRU-TV** in Austin, **Vermont Educational Television, WTTW-TV** in Chicago, and **KTEH-TV** in San Jose. Each of these stations has a fine record of achievement in fundraising and humanities programming. **KLRU**, for example, in addition to producing the nationally distributed country music series Austin City Limits, has had enormous success in Hispanic programming. Working with the University of Texas, **KLRU** produced an enormously successful Spanish-English language children's television series known as Carrascolendas and another children's series, Sonrisas. The $250,000 Challenge Grant that the station will match with $750,000 will help **KLRU** in future production of programs of this calibre.

The importance of future Challenge Grants to our member stations cannot be overemphasized. By providing a starting block for orderly and business-like fundraising drives, the grants and subsequent matches can go a long way in contributing to the long term stability of a station, increasing its potential to provide viewers with valuable arts and humanities programs.

American public television has long been a user of British programs. Outstanding programs such as Jewel in the Crown, produced by Britain's Granada television, would not be seen in the U.S., were it not for public television. Public television, however, is sometimes criticized for using too many British-produced programs. Public television does not apologize for the British-made programs it has used, but there are serious implications involved that relate to our testimony here.

Of course, we see the very best of the British programs--much of what's produced for British audiences would not be appropriate in America. But the programs made available to us were produced with British funds, and we can buy them here at lower costs because we don't have to produce them; we only rent them after their principal intended use in Britain has been accomplished. It is almost always cheaper to rent someone else's production than produce it ourselves.

But that raises a serious question of balance. The reason is simple: money. Next year, we will show no new series of American productions of the level we can buy inexpensively from Britain.

American production costs are generally higher than are British costs. Television pays actors, writers, musicians and technicians more in this country. (It's no secret that more and more Hollywood movie companies are making their films in other countries for this very reason.) But the tragedy is that this means fewer jobs for Americans, and fewer programs uniquely American.

There are other reasons for higher costs here. BBC, for example, is a concentrated national production organization equipped in central locations with studios, staff, orchestras, actors and all the tools for making top quality television productions. BBC can share the costs of a large orchestra among a number of productions, and use with great efficiency the technicians, costumes, sets, makeup and graphic artists, directors and writers that constitute the production.

Budgeting and production schedules can be shaped with great cost-saving efficiency.

There is no comparable organization in American public television. We regularly have programs produced in New York, Boston, Los Angeles, Chicago, Washington, San Francisco, Baltimore, Miami, Pittsburgh, Austin, Texas and many other cities as well. While this brings out a marvelous diversity of talents and styles, it can mean higher costs than could be provided by a single consolidated production organization. We do want to continue this diversity--it is a great strength for public television in a diverse nation. But it has a price--one of the reasons for our seeking increasing funds from the Endowments.

Support from both Endowments continues to be critical to the survival of public television. Funding cuts to the Corporation for Public Broadcasting made in 1981 and not replaced have shown up in the heart of our stations' schedules. Last year, stations buying the 1984-85 schedule of programs from PBS could not afford the 17% increase in price, so programming had to be cut. Three series were dropped and others were cut back.

For next year's season of programs recently negotiated, stations will pay more money for fewer hours of programs. Stations will pay almost $3.5 million more for the 866 hours of programs for the 1985-86 season than they did for the 950 hours they purchased at $31 million last year. Increased levels of support by the Endowments would help stabilize or reverse our stations' painful trend of paying more for less, as well as just "doing without."

This Subcommittee has deepened the Congress' recognition of the value of the arts, culture and education. We in public television have been grateful for the support you have given the Endowments that has been channeled through our system--either through research and development funds, production assistance, or directly to our stations--and has reached our large and growing audience. Without public television, many Endowment grantees' projects--like the Academy Award winning documentary "The Stone Carvers"--might not ever have been seen by more than a handful of viewers. We would encourage both Endowments to increase their funding of broadcast media projects in order to expand outreach in a cost-effective manner to homes and classrooms throughout the nation. By continuing to tear down the barriers that separate artist from audience or scholar from eager classroom, public television has used Endowment funds to the fullest of their potential.

We support your attempts to fund the Endowments at the maximum feasible level.

Thank you.

PARTIAL LISTING OF NEH MEDIA GRANTS FOR PUBLIC TELEVISION
(Planning, production, and/or scripting) in Fiscal Year 1984

Living Maya	$344,000	Kuxtal
Return From Slience: China's Writers	77,512	Shih, J.C.W.
Vietnam: A Television History	1,200,000	WGBH
Castle	889,000	WTVS
Don't Eat the Pictures	350,000	CTW
Who's Havin' Fun	25,000	Salzmann, L.
American Playhouse	1,263,183	PTV Playhouse
The Dean of Thin Air	230,000	WSBE
A Search for Vanished People	5,000	OE PBS
The Probable Passing of Elk Creek	148,000	KTEH
The Pursuit of Happiness	90,000	Global Village
America and Lewis Hine	189,720	WNET
Nisei Soldier	9,992	WNET
River Town	24,060	Wis. ETV
Homefront	200,00	KAET
Hands that Picked Cotton	7,362	WYES
Hard Winter	275,000	Morris City Hist. Soc.
Seasons of a Navajo	250,000	KAET
Gerald Murphy and the Expatriate Generation	20,027	PTV Playhouse
Young James Madison	55,000	WNET
Mark Twain Series	350,000	WGBY
The Africans	600,000	WETA
The Painter's World	120,000	WGBH
Utopia: The Eternal Search	75,000	SC ETV
Nabokov in Residence	262,070	WQED
Visions of the Constitution	450,000	WQED
On the Road with John James Audubon	55,731	WNED
Ishi in Two Worlds	86,661	WNET
The Hounds of Faith: Life Among the Mennonites	35,000	WQED
Roanoak: A Viewer's Guide	60,000	SC ETV
Dean of Light and Shadow	55,582	WSBE
	7,802,900	

PARTIAL LISTING OF NEA MEDIA GRANTS FOR PUBLIC TELEVISION PROGRAMS
(Planning, production and/or scripting) in Fiscal Year 1984

Capitol Fourth 1983: Great Performance Special	$17,500	WETA/WVIA/WNET
E.L. Doctorow and the American Myth	50,000	WGBH
Jazz in America	150,000	KCET
Live from the Met	225,000	WNET
Live from Lincoln Center	304,000	WNET
Great Performances	900,000	WNET
Soundings	170,000	WGBH
Sante Fe Chamber Music Festival	50,000	KNME
Good Morning, Mr. Orwell	10,000	WNET
American Playhouse	500,000	PTV Playhouse
Style Wars	46,500	Public Arts Films, Inc.
Gotta Make This Journey: Sweet Honey on the Rock	11,372	WETA
Enough to Share: Portriat of Koinina Farm	1,300	Georgia ETV
Spaces: Architecture of P. Rudolph	34,200	Eisenhardt Prod.
Bearden Plays Bearden	25,000	Inst. of New Cinema
Piano Players Rarely Ever Play Together	1,500	Miss. ETV
Rockaby	10,000	Pennebaker Assoc.
The Pursuit of Happiness	7,000	Global Village
Squatters: The Other Philadelphia Story	1,000	WNET
Eight Minutes to Midnight	15,000	WGBY
Fonseca: In Search of Coyote	12,483	KNME
On Television: The Violence Factor	25,000	SC ETV
Great Performances	845,000	WNET
Live from Lincoln Center	300,000	WNET
Live from the Met	180,000	WNET
Wonderworks	100,000	WQED
Bauhaus	150,000	Cliofilm, NY
American Patchwork	175,000	Columbia Univ.
Notes from the New World	150,000	WQED
Voices and Visions	300,000	NY Center Visual History
Hip Pocket Musicals	100,000	NY Foundation for the Arts
Music with Roots in the Aether	50,000	Perf. Artservice
	4,916,855	

NATIONAL ENDOWMENT FOR THE HUMANITIES

LETTER FROM ROBERT WEDGEWORTH, EXECUTIVE DIRECTOR, AMERICAN LIBRARY ASSOCIATION

April 15, 1985

The Honorable James McClure
Chairman, Subcommittee on Interior
and Related Agencies
Committee on Appropriations
U.S. Senate
Washington, D.C. 20510

Dear Senator McClure:

This letter is submitted on behalf of the American Library Association, a nonprofit educational organization of nearly 40,000 librarians, educators, trustees, and other friends of libraries, dedicated to the improvement of libraries and information services for all citizens. We request that it be made part of the hearing record on appropriations for the National Endowment for the Humanities.

On behalf of the Association, I want to thank you and the members of the Subcommittee on Interior for support last year for reinstating library programs as a line item in the NEH budget. When I testified in April 1984 as a public witness before the House Interior Appropriations Subcommittee, I was concerned at the efforts of the NEH to delete funding for library programs. In its fiscal 1986 budget, the Endowment apparently gave up on its efforts to eliminate the line item for the Humanities Projects in Libraries program -- this year, instead of amputation, they are trying to bleed the program to death. Humanities Projects in Libraries has been targeted for a 57 percent cut in the budget, far and away the largest reduction proposed for any of the Endowment's programs. The Endowment's total budget is slated for a 9.7 percent decrease. We request that you and your colleagues reject this unfair proposal to slash Humanities Projects in Libraries to $1,200,000 and support continuing this program as a specific line item in the FY 1986 budget at least at the current level of $2,798,000. If a cut in the Endowment's budget cannot be avoided, then the reductions should be applied in an evenhanded way.

The publication last November of guidelines and application instructions for Humanities Projects in Libraries was very welcome in the library community. Not surprisingly, applications for the March 1985 round were up by more than 100 percent. In August 1984 there were only 19 applications; after the guidelines for librarians as applicants appeared, there were 43 proposals submitted for the March deadline. Given that kind of response from the library community, it is likely that there will be at least 80 applications for this worthwhile program in 1985. Now that Congress reinstated the library program as a line item, now that guidelines have once again been published and stimulated an exciting response from the field, why limit the success and effectiveness of the program?

A 57 percent cut would most certainly have a detrimental effect on the program itself, and would severely limit the number of proposals which could be funded and the people who could be involved now that the enthusiasm for humanities projects in libraries has been kindled again. If few proposals can be funded, no doubt applications would fall off again, as they did for several years when there were no program guidelines. Then the Endowment could again use the drop in applications as justification for further efforts to delete the program. For those familiar with many of the splendid programs in public libraries made possible through funding from the National Endowment for the Humanities, such a cycle seems very shortsighted. Since 1978, the library program has continued to provide support for projects and programs with "defensible value" and with "intellectual rigor, excellence and high standards" for the general audience. Many of these have been truly landmark projects having a broad impact and a significant contribution to the strengthening and upgrading of the quality of adult education in humanities for the average citizen.

I think it is justified to say that "Let's Talk About It: Reading and Discussion Programs in America's Libraries" is just such a program. Sponsored by ALA and funded by NEH, "Let's Talk About It" is a vital three-year nationwide project which will bring together book lovers and scholars to explore themes of contemporary life and culture through a mix of classic and popular literature in some 300 American public libraries in 30 states. We anticipate that almost 1,600,000 people will be involved in the program over three years. Recently library organizations in Hawaii, Idaho, Maine, Montana, Nebraska, North Carolina, Rhode Island, Tennessee, Utah and the District of Columbia were awarded grants. Programs are already under way in libraries in Indiana, Minnesota, Mississippi, Ohio, Wisconsin and Delaware. Grants will be awarded to 15 more states this year.

The national project is in full swing. In a typical "Let's Talk About It" reading and discussion program series, a group meets every other week for ten weeks to discuss readings on a given theme. Each session focuses on one of five books that all have read. A local humanities scholar gives a presentation on the reading, which is followed by small-group discussion. The result is a program that is exciting, involving, and enlightening. The activities to encourage and support the development of reading and discussion programs fall into three categories -- workshops, training, and materials.

The "Let's Talk About It" materials are designed to help local librarians and scholars present their own reading and discussion programs both during the initial start-up period and long after the end of the project. The materials include a program planner's manual as well as support materials for six model themes for use in local programs.

The six "Let's Talk About It" themes have been carefully prepared to make sponsoring a program easier for first-time planners. A brochure is included for each of the six themes, providing an introductory essay, lengthy annotations on each of the books chosen for the five sessions, and an annotated bibliography of supplementary readings.

The six "Let's Talk About It" themes are the following:

Making a Living, Making A Life: Work and Its Rewards in a Changing America

The Way We were, The Way We Are: Seasons in the Contemporary American Family
Not for Children Only

Individualism and Community in America

Being Ethnic, Becoming American: Struggles, Successes, Symbols

Best-Selling American Fiction: Myth Making in Popular Fiction

Libraries help NEH to serve general audiences with quality programming. We urge you to reject the request to cut Humanities Projects in Libraries from $2,798,000 to $1,200,000, a 57 percent reduction, and to fund this program at least at the current level. We hope that any cuts will be made in an evenhanded way.

We also support the request for the appropriation of $3,000,000 for the newly established Office of Preservation. These funds, combined with the $2,000,000 reallocated from the Research Resources Program, would make it possible for the new office to pursue effectively the NEH commitment to undertake significant preservation activities. As you know, there is an urgent need to preserve and make available essential research materials in the humanities now and in the future.

Thank you for your continued support of the arts and humanities, and for the recognition of the vital role which librarians and libraries play in fostering the humanities.

Sincerely,

Robert Wedgeworth

Robert Wedgeworth
Executive Director
American Library Association

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1986

TUESDAY, FEBRUARY 19, 1985

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:10 a.m., in room SD–138, Dirksen Senate Office Building, Hon. James A. McClure (chairman) presiding.

Present: Senator McClure.

PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION

STATEMENT OF M.J. BRODIE, EXECUTIVE DIRECTOR

ACCOMPANIED BY ALEXANDER K. MILIN, DIRECTOR, FINANCE AND ADMINISTRATION

BUDGET REQUEST

Senator McCLURE. Good morning.

Mr. BRODIE. Good morning.

Mr. MILIN. Good morning.

Senator McCLURE. This is the first day of hearings scheduled to review the fiscal year 1986 budget estimates for the programs funded through the appropriation bill for the Department of the Interior and related agencies.

We will begin with the Pennsylvania Avenue Development Corporation and then hear from the Advisory Council on Historic Preservation.

The fiscal year 1986 estimate for PADC totals $5,471,000, a decrease of $1,193,000 below fiscal year 1985 appropriations to date.

Also pending is a pay supplemental in the amount of $18,000.

PREPARED STATEMENT

Mr. Brodie, we welcome you before the committee. We understand Mr. Berliner is ill and cannot be with us today. His prepared statement will be included in the record in full at this point.

[The statement follows:]

STATEMENT OF HENRY A. BERLINER, JR.

I am Henry A. Berliner, Jr., Chairman of the Pennsylvania Avenue Development Corporation. Joining me today to testify in support of the Corporation's fiscal year

1986 budget request are the Corporation's Executive Director, M.J. Brodie, and Financial Manager, Alexander Milin.

It is a pleasure to appear before this subcommittee, not only to present the Corporation's annual budget request but also to report to you on the progress that is being made.

The budget proposal before you for consideration totals $5,471,000. Given the President's and Congress's mutual objective of holding Government expenditures to the minimum necessary to carry out our mission, I want you to know that this request is $1,896 less than the amount appropriated for fiscal year 1985.

The Corporation is fortunate in having unused budget authority from prior appropriation acts to fund projected fiscal year 1986 expenditures for land acquisition, historic preservation, and business relocations, thereby avoiding the need to request a higher level of funding for these purposes for the upcoming fiscal year. These available, carried-over funds will play an important part in the Corporation's plans for land acquisition, historic preservation, and necessary business relocation activities during fiscal year 1986 and in the years ahead.

The salaries and expenses component of the requested $5,471,000 in budget authority is $2,221,000. The $3,250,000 balance of the total request is needed for public development, specifically public improvements. As was the case last year, borrowing authority for the Corporation's third principle funding category—land acquisition—is not being requested, not only because of the just-mentioned availability of unused borrowing authority but also because the Corporation will be generating income from the sale or lease of real estate, which can then be reinvested in land purchases.

The Corporation's salaries and expenses request is $33,000 less than that appropriated for fiscal year 1985. Personnel compensation and benefits of $1,476,000 represent approximately two-thirds of the total $2,221,000 requested, and incorporates the 5-percent reduction to payroll that the President has proposed. Given this proposal, the $1,476,000 figure would fund the direct and indirect salary costs of 37 positions on a full-time equivalent basis. Overall, fiscal year 1986's administrative expenses are budgeted at the same general level as in the current year, except that the rental cost for the Corporation's relocated office space is budgeted at a higher cost.

The public development request of $3,200,000 is necessary for the planned, next increment of the Corporation's Public Improvements Program and continuing contractor support for these and other public improvements projects under construction in fiscal year 1986 and beyond. Most of the requested funds will be spent for reconstructed sidewalks and/or landscaping, lighting, and other sidewalk improvements on those streets north of the avenue where private development is not yet committed. These sidewalk improvements are a critical prerequisite to stimulating the commercial and residential development projects called for by the plan. The Federal Government's visible financial commitment to providing these amenities will nurture emerging private investment interest on the squares east of the FBI Building, and contribute greatly to achieving the desired mix of commercial and housing development.

The funds now being requested for fiscal year 1986, in conjunction with carried-over funding for other activities, will permit the Corporation to continue the full range of square and public area programs upon which the fulfillment of the 1974 plan depends.

Reflecting on this past year, noteworthy progress was made in revitalizing the project area. Significant public improvements work accomplished include the completion of the roadway between Third and Sixth Streets, the last segment of the Comprehensive Avenue Roadway Reconstruction Program, so that the entire roadway and south sidewalk improvements planned for the avenue are now complete. In October the fourth of the Corporation's six planned parks was completed with the dedication of Meade Plaza, at Pennsylvania Avenue and Constitution Avenue in front of the U.S. courthouse. Additionally, site preparation for the fifth planned public park at Market Square occurred this past year, as did the site preparation work for the sixth park at Indiana Avenue between Sixth and Seventh Streets.

In highlighting the past year's progress in square development, the continuing renovation and restoration work to the Willard Hotel bears special mention. I am pleased to report that the restoration of this landmark property, known as the Grande Dame of Pennsylvania Avenue, is on schedule for a 1986 completion. The now clearly visible restoration work to the Willard and the associated construction of the office building addition reflect both the developer's and the Corporation's resolve to return the Willard to its former place of prominence in the life of Washington, DC. When the Willard opens next year, I would be pleased to escort the members of this subcommittee on a tour of this magnificent project.

The evoluation of a residential community of 1,200 housing units in the area east of the FBI Building moved a step closer to realization this past year with the selection of a developer for a two-block site on the northern border of Market Square Park. The developer, who was selected from among four highly regarded developers competing for the site, will be constructing a comprehensive multiuse project of 225 housing units, 379,000 square feet of office space, and 70,000 square feet of retail shops. This project brings the number of committed housing units to over 400. I can assure the subcommittee that the full energies of all Board and staff members in fiscal year 1986 and beyond will be devoted to expanding this initial base of the residential community whose creation is a principal objective of the plan and the emphasis of the Corporation's work in its second decade.

Additional development activity occurring this past year include the unveiling by the Government of Canada of its design for the future chancery on square 491 at Pennsylvania and Constitution Avenues; the opening of the 65 restaurants, stores, and boutiques comprising the shops at National Place, bringing into full operation the office, theatre, hotel, and retail components the National Place project on square 254; the startup of construction of the first phase of a 750,000 square foot office and retail complex to be developed by the Cadillac Fairview firm on square 348; and continuing construction work of the Gallery Row (square 457), National Press Building (square 254), Westminster (square 460), and USO Building (square 458) commercial projects.

Commercial and residential development totaling over $1 billion is under construction or committed. The Congress, through its continuing support of the PADC plan and program, must receive great credit for the changes that have already occurred.

However, much work remains before the dream for Pennsylvania Avenue, as embodied in the plan, is achieved. In the short term, through fiscal year 1986, the Corporation must oversee the development of seven future development projects on eight blocks, manage the construction of two remaining parks; rebuild or enhance sidewalks north of the avenue, and facilitate other development through selected purchases of real estate. In the longer term, through to 1992, the Corporation seeks to achieve the larger task of creating a vibrant, stimulating community where people can live, work, shop and stroll, and in so doing make America's main street a place which appeals to all who visit or hear of it. This the Corporation will accomplish in fiscal year 1986 and later years by working with property owners and developers not only to achieve the residential, retail, and commercial land use objectives on squares 407, 431, 457, and 406, but also to maintain a sense of the historic continuity of the area by encouraging the preservation of buildings representative of different eras or styles, while complementing new or renovated buildings with functionally and aesthetically improved sidewalks and public spaces.

The subcommittee's and the Congress's support of the fiscal year 1986 budget will ensure the Corporation's continued progress toward achieving the goals and objectives of the plan.

INTRODUCTION OF ASSOCIATES

Senator McClure. If you would introduce your associate at the witness table, we will proceed directly to the questions.

Mr. Brodie. Glad to, Senator. On my right is Mr. Alexander Milin, our financial manager for the Corporation.

Senator McClure. Thank you very much.

A reduction of $88,000 has been applied to permanent and part-time salary costs for PADC in line with the administration's proposal to reduce civil service salaries by 5 percent.

If that proposal is not approved by Congress, will it be necessary to restore the entire amount of the reduction, or would you be able to absorb a portion of these costs?

Mr. BRODIE. We would not be able, sir, to absorb any further costs without a reduction in force. That would require, depending on the exact grade of the individuals involved, a reduction in force of three to four persons out of our current staff, a full-time equivalent of 37.

Senator MCCLURE. Three to four persons if the 5-percent salary reduction is disapproved and the funds were not restored?

Mr. BRODIE. That is correct.

Senator MCCLURE. The Corporation requested and received a 100-percent increase for equipment purchases in fiscal year 1985. A further increase is requested for fiscal year 1986.

Does this represent nonrecurring expenditures associated with the relocation of your offices, or are you seeking a permanent increase in the equipment line?

Mr. BRODIE. Yes; these are 100 percent nonrecurring items, completely associated only with our proposed office move.

Senator MCCLURE. Will that be completed in this fiscal year's budget?

Mr. BRODIE. It should be. Our lease is up at the end of March, and GSA is working with us on a daily basis to relocate us.

PUBLIC IMPROVEMENTS

Senator MCCLURE. For public improvements $3,250,000 is requested in fiscal year 1986, a decrease of $1,160,000 below the fiscal year 1985 level. Of this amount $1,250,000 is to hire contractors to oversee design and construction activities at Indiana Plaza and Market Square Park.

Have these projects gone out for bid?

Mr. BRODIE. Well, let's take each one, if I may, and I might ask Mr. Milin to point to them on the maps that we have brought along.

Market Square Park, between Seventh and Ninth Streets and on both the north and south sides of Pennsylvania Avenue, the designs for that—and the construction drawings are now 100 percent complete, and it is really being bid in several phases. So I have to answer your question in a couple of segments.

The subsurface and utility work has already been bid, and the work is essentially complete on the north side of the street.

We will then be bidding the triangular portion between the Archives Building at Pennsylvania. We are prepared to bid that this month, and subsequently we will be bidding the remainder on the north side of the avenue. We would expect that will happen during this year.

The Indiana Plaza project is just to the east at Seventh Street, and that is Indiana Avenue coming down meeting the former bed of C Street. Again, we have already bid the utilities work in connection with that because this is very interlocked with adjacent private development, and Westminster Co. is already under construction immediately south in a project that we have been working with them on for some years.

We would again expect Indiana Avenue, the complete package, to be out for bid before the end of this year.

Senator McClure. Are there sufficient funds available from prior year appropriations to complete these two projects?

Mr. Brodie. Yes, sir, there are.

Senator McClure. What are the estimated outyear requirements to complete the remainder of the planned public improvement projects?

Mr. Brodie. Let me make sure I understand the definition. The outyears would be beyond fiscal 1986, such as 1987 and 1988.

We would estimate at this point that a sum of between $3 and $4 million would likely be required in those years, both for actual hardware, physical work, and the continuation of a few consultants that assist the Corporation staff in managing the work itself.

Some of that work, I might add, might also involve historic preservation items as well as the kind of parks that we are used to seeing in recent years.

LAND ACQUISITION

Senator McClure. Approximately $14 million previously provided for land acquisition is currently subject to deferral.

Do you anticipate a requirement for any portion of these funds during the current fiscal year?

Mr. Brodie. Yes, we do; and we would be approaching OMB at the specific time when those funds are needed. We have not had to do that yet.

Senator McClure. Do you anticipate that at such time the funds will be released?

Mr. Milin. I think the money will not be deferred once we approach OMB. We have an arrangement with them whereby we approach OMB and ask for a release of the deferred money when we have a need to acquire properties using those deferred moneys.

So that we should use approximately $10 of the $14 million that is in a deferred category this fiscal——

Senator McClure. Approximately $10 million?

Mr. Milin. Approximately $10 million, yes, based on current planning.

Senator McClure. There is no request for additional borrowing authority for land acquisition.

Is the amount currently available sufficient for anticipated needs through fiscal year 1986?

Mr. Brodie. Yes; it is, through the fiscal year we are talking about. In the future we would expect to be coming back against previous authorized sums in the order of magnitude of perhaps $15 to $20 million.

Senator McClure. After 1986?

Mr. Brodie. Correct, sir.

Senator McClure. $15 to $20 million?

Mr. Brodie. Yes.

Senator McCLURE. A portion of the Gallery Row project is to be financed by the District of Columbia government through an urban development action grant.

Is the DC commitment dependent upon future availability of UDAG funds, or is the money currently on hand?

Mr. BRODIE. This has been a long project, as the Senator may know. I am pleased to tell you that the UDAG funds were formerly committed in late summer, and it requires no additional supplement, and the project is fully under construction at this time.

Senator McCLURE. Thank you, Mr. Brodie.

The Corporation has done an excellent job fashioning Pennsylvania Avenue into an attractive and accessible thoroughfare as befits its physical and symbolic location in the Nation's Capital.

I think those of us who watched that over the years watched it with a great deal of interest, and I guess maybe the only criticism that anybody has expressed that I have heard is that it is over the years.

Mr. BRODIE. Right.

Senator McCLURE. It seems to have taken a long time. [Laughter.]

Mr. BRODIE. Thank you very much.

Senator McCLURE. If there are any questions of other Members of the committee, we would ask that you respond to those for the record.

Mr. BRODIE. We would be pleased to do so. Thank you very much. Thank you, sir.

Mr. MILIN. Thank you.

ADVISORY COUNCIL ON HISTORIC PRESERVATION

STATEMENT OF ALEXANDER ALDRICH, CHAIRMAN

ACCOMPANIED BY ROBERT R. GARVEY, JR., EXECUTIVE DIRECTOR

PREPARED STATEMENT

Senator McClure. We will now hear from the Advisory Council on Historic Preservation.

The fiscal year 1986 budget request for the Advisory Council on Historic Preservation totals $1,200,000, a decrease of $346,000, or 22 percent, below fiscal year 1985 appropriations to date.

Mr. Aldrich, we welcome you before the committee.

Mr. Aldrich. Thank you, Senator.

Senator McClure. Your opening statement will be included in full in the record.

[The statement follows:]

Statement of Alexander Aldrich

Mr. Chairman and members of the committee, it is a pleasure to present our program and appropriations request for fiscal year 1986. The Council values the support this committee has provided over the years.

The Council is an independent Federal agency created by the National Historic Preservation Act of 1966. The Council is composed of 19 members, including heads of Federal departments, representatives of State and local government and the preservation community, and non-Federal members appointed by the President. Our fiscal year 1985 appropriation is $1.546 million; our requested level for 1986 is $1.200 million. We have two principal duties: to advise the President and the Congress on matters concerning the National Historic Preservation Program and to oversee the process the Congress devised under section 106 to protect historic properties from needless harm by Federal activities.

Under section 106, we review about 2,200 projects each year ranging from the construction of reservoirs and highways to the rehabilitation of historic buildings and the issuance of Federal permits. Between 600 and 700 of these projects require consultation to deal with the effects on historic properties, with particular attention to mitigating adverse impacts. This process saves thousands of historic properties each year. It also saves the Government money for two reasons. First, because we reach a firm and definitive agreement with the Federal project agency as to treatment of historic properties, there is a clear record of that agency's compliance with the law, and successful legal challenges, halting or delaying worthwhile projects, are almost impossible. Second, our review quite often results in the selection of an alternative for protection of an historic property that costs less than the approach originally proposed by the agency. Our budget justification contains several examples of such instances.

Also important is the Council's statutory duty to make recommendations on preservation policy matters and propose measures to improve the National Historic Preservation Program. We have shared the results of our important studies with this committee in the past, such as last year's report on Federal tax laws and historic preservation.

The major effort of the Council members this year, has been the development of a variety of initiatives to strengthen and improve the national program: An interagency effort to identify needs for preservation information and to coordinate management of the information through automated data processing; expansion of the Council Training Program by tailoring courses to specific agency needs; development of a Preservation Awards Program; promotion of historic preservation in national commemorative activities relating to the U.S. Constitution bicentennial, the 500th anniversary of Columbus and the general assembly of the International Council of Monuments and Sites; development of new guidelines for State historic preservation legislation; and encouragement of increased U.S. participation in international cultural heritage activities.

These activities are being conducted within current levels of funding and personnel, although the reduction for fiscal year 1986 will delay their implementation. Members and staff work together informally and in task forces as appropriate.

An important Council activity in the past few years has been our effort to help Federal agencies develop internal systems to deal efficiently with preservation requirements. We have emphasized programmatic consultation with agencies to harmonize the conduct of their principal missions with the policies of the National Historic Preservation Act.

The Council uses several mechanisms to attain this goal.

—Programmatic memoranda of agreement, in which the Council, one or more State historic preservation officers, and a Federal agency agree on a program for treating historic properties in connection with some large or complex Federal activity; this program supersedes application of the regulations and is tailored to the needs of the agency, the particular activities, and the property types in question.

—Counterpart regulations and internal agency procedures, in which the Council and an agency consult to develop an agency's internal preservation policies and system, and embody these in some kind of guidance appropriate to the agency.

—Supplementary guidance in which the Council publishes nonbinding guidelines interpreting section 106 for use by agencies and others. In fiscal year 1984, we have been working on three documents to aid Federal agencies in meeting their section 106 responsibilities.

We have found that the resources invested in these efforts reap significant dividends over the long term for both the Council and Federal program agencies. This programmatic approach to developing preservation systems is the key to sensitive consideration of historic preservation values by Federal agencies in the long run. With proper guidance and tailored procedures, agencies solve their own problems with less need for recourse to the Council. We were gratified to see the Congress recognize this approach during the fiscal year 1985 appropriations process by reinstatement of the funds for these activities. We note that in fiscal year 1984 we completed 12 programmatic agreements and anticipate doing 15 in fiscal year 1985.

As set forth in our budget justification, several areas of activity will be reduced in 1986. These include elimination of staff who support Council task forces, coordinate training programs, and conduct Council reporting and public information efforts; reduction of staff in the Office of Cultural Resource Preservation resulting in elimination of all programmatic initiatives and cost-effectiveness reviews; and a reduction of Council member activity on task forces and the like. We would limit our activity to helping agencies meet the fundamental requirements of section 106—the requirement that the Council be afforded a reasonable opportunity to comment on each undertaking that may affect historic properties.

As we approach fiscal year 1986, the Council remains optimistic that its policy initiatives and programmatic improvements will allow us to promote greater efficiency in the administration of the National Historic Preservation Program. Central to these efforts is the revamping of the basic section 106 review procedure. The past years have been filled with frustration and uncertainty, though, in achieving this goal. The Department of Justice's Office of Legal Counsel produced a lengthy opinion in late 1983 which found that certain aspects of the revised regulations exceeded the Council's authority. Last year there was a glimmer of hope for resolving this problem. This committee directed the Council to intensify its regulatory reform efforts so that new regulations would be moving ahead by now. Both Senate and House authorizing committees reviewed this legal issue last year when the Council's appropriations authorization was extended and concluded Justice was wrong. Based on that clarification, the Council scheduled a vote on new regulations at its November meeting. The Justice Department, however, instructed us that their opinion continues to be valid, contending that the subsequent legislative expressions do not affect their conclusions. This situation seriously impedes the Council's ability to carry out the policies it believes are fundamental to an effective section 106 review.

The Council is still seeking ways to implement sound revisions to the section 106 process within the scope of the Council's authority to ensure that Federal agencies consider historic preservation as the Congress envisioned when the National Historic Preservation Act was passed and amended. Subsequently, we are striving for a revised but still effective process to be in place when we enter fiscal year 1986 so that we will be able to maintain the level of protection afforded historic properties within our reduced budget.

INTRODUCTION OF ASSOCIATE

Senator McClure. If you would introduce your associate, we will proceed to the questions.

Mr. Aldrich. This is Robert Garvey, the Executive Director. I am sure he is well-known to you, sir.

Senator McClure. Yes, sir. He is not a stranger here.

Mr. Garvey. Good morning.

Senator McClure. Good morning.

The budget proposes that the Council absorb the $36,000 cost of the pay increase in 1985, and it also reflects a reduction of 11 full-time equivalents, down from 36 in 1985 to 25, a 30-percent reduction, in 1986.

Mr. Aldrich, I understand that your initial 1986 budget proposal to OMB was for $1,707,000, an increase of $161,000, or 10 percent, over 1985 appropriations to date. However, your allowance from OMB was for $1,200,000, which is the requested level.

What would you have done with the increased funding requested in your initial proposal?

Mr. Aldrich. It simply would have maintained our services at the present level, Senator. There was an increase in rent. There were the routine increases in salaries, and as I understand it, it would have meant level services comparable to what we are doing this year.

Senator McClure. You say routine increases in salary.

What do you mean by that? Cost-of-living escalation or staff increases or what?

Mr. Aldrich. Primarily salary increases; perhaps Mr. Garvey could add some information on other increases.

Mr. Garvey. Mr. Chairman, the request to OMB was based on the 36 full-time equivalents, a level of staffing that we did not reach in this fiscal year. Also, there was the routine cost increase of rent for our quarters at the Old Post Office.

I would be pleased to break down precisely the way that figure was arrived at for the record.

Senator McClure. You indicated that you are below your FTE ceiling for 1985. How far below?

Mr. GARVEY. We are approximately two positions below that.

Senator McCLURE. And the funding that you had requested would have brought you up to 36 positions?

Mr. GARVEY. That is correct.

Senator McCLURE. If you would provide a little further breakdown for the record, please.

Mr. GARVEY. I would be pleased to do that.

Senator McCLURE. Thank you.

[The information follows:]

FISCAL YEAR 1986 BUDGET REQUEST AND ALLOWANCE

The differences between our request to OMB and their allowance on the President's budget are 11 positions and $507,000. We requested funding for 36 full-time equivalent positions and slight increases over the 1985 appropriation to cover other costs. We have been held at the $1.5 million level since fiscal year 1981 while the cost of doing business has risen steadily. Rent has increased by $54,000 since our move into the Old Post Office. Printing costs have escalated by 6 to 7 percent every year. Each year, one-half of the pay raise requirement must be absorbed; however, in fiscal year 1985, we have been instructed to absorb the entire amount ($27,000). We are being tightly constrained and we went to OMB with a reasonable estimate for full funding of 36 positions.

The following display by object class includes the fiscal year 1985 appropriation, our OMB request and the subsequent allowance for the President's budget.

		1985 appropriation	1986 OMB request	1986 President's budget
Object class:				
11	Salaries	$1,015,000	$1,102,000	$855 000
12	Benefits	96,000	112,000	85,000
21	Travel	100,000	105,000	50,000
23.1	Rent	166,000	170,000	145,000
23.2	Other rent: Communication and utilities	50,000	55,000	25,000
24	Printing	24,000	32,000	10,000
25	Other services	72,000	90,000	25,000
26	Supplies	18,000	27,000	5,000
31	Equipment	5,000	14,000	0
	Total	1,546,000	1,707,000	1,200,000

BASE PROGRAM APPROPRIATION LEVELS

Senator McCLURE. Have your recent appropriations levels been sufficient to maintain your base program against inflation and other increased costs, such as travel, communications, and so forth?

Mr. ALDRICH. It has been difficult, but we have managed.

Senator McCLURE. It has been almost the same level since 1981?

Mr. ALDRICH. I think we have improved our services to the extent of developing such things as programmatic agreements, office automation, and the training and technical assistance that we have been rendering over the years has meant a more efficient activity at the Federal department level. It is getting more difficult, but I feel that we have been able to provide the same level of services since 1981, even though our appropriations have not risen.

Senator McClure. Mr. Aldrich, I have a number of other budget-related questions that I will submit to the record rather than dwell on them at this point.

Mr. Aldrich. Fine.

PROBLEMS WITH SECTION 106 REGULATIONS

Senator McClure. Instead, I would like to take this opportunity to discuss your problems with the Department of Justice and OMB regarding your proposed revisions of section 106 regulations. Let me briefly summarize the situation as I understand it.

In 1982, the Council proposed revisions to its regulations implementing section 106 of the National Historic Preservation Act. OMB raised legal concerns about the proposed revisions. Subsequently, the Department of Justice's Office of Legal Counsel found that certain aspects of the revised regulations exceeded the Council's regulatory authority.

Mr. Aldrich. Correct.

Senator McClure. Justice's opinion concluded that Congress only conferred regulatory authority on the Council to implement the "reasonable opportunity to comment" part of section 106 and not the "take into account" requirements placed on Federal agencies regarding the effects of their undertakings on historic properties.

In other words, Justice ruled that ACHP can issue regulations on how it will comment on Federal projects affecting historic properties but that the Council may not issue regulations on what the various Federal agencies are required to do in the way of identifying affected properties or consulting with the State historic preservation officers or other "taking into account" activities.

If memory serves me correctly, as a result of this finding, the Council suspended three sections of its regulations and began efforts to redraft its revisions in an effort to satisfy OMB and Justice. Just last Friday, the Council considered yet another proposal.

Could you give me a current status report on those negotiations?

Mr. Aldrich. Yes, sir.

If you recall, last year this committee examined this question and in the appropriation language urged us to straighten out this problem, and during consideration of our reauthorization bill the Committee on Energy and Natural Resources found that it was unnecessary to amend the statute because the statute clearly gave us the authority to issue regulations covering the "take into account" requirement of section 106.

I felt that action had resolved the matter adequately and that we could proceed to file the new proposed regulations, but the Justice Department then rendered a second opinion stating that the Senate had not resolved the matter, and that our rulemaking powers under section 211 of the act still did not apply to the first part of section 106.

I don't believe that we have any chance of getting the Justice Department to amend its opinion, and so I feel—and I have been advised by the White House—that as far as the administration is concerned the legal question has been resolved by the Justice Department. It is, therefore, our responsibility to develop regulations which do comply with the Justice Department's opinion.

Last Friday, we had a meeting of the full Council. It was preceded by a meeting of a small task force of the Council, in which we looked not only at a new set of regulations that would indeed comply with the Justice Department opinion, but also at the broader question of the policies of the Council itself, what we would like to do if we were not bound by the Justice opinion.

It is my hope, sir, that by April 4, the full Council will have taken action on both pieces of paper.

Now, in the proposed regulations that are before the Council, a number of functions that we presently conduct, and which we have conducted since 1972, have been omitted; these are the provisions that relate to the first part of section 106, the "taking into account" language. And there are five basic functions which I think would be useful for you to know.

The first one is requiring the Federal agency to identify historic properties.

The second requires the Federal agency to evaluate the effects of its action on those historic properties.

The third requires the Federal agency to consult with other parties—the State historic preservation officer, local governments, the public.

The fourth requires the Federal agency to consider alternatives to its adverse effects.

And the fifth one requires the Federal agency to consider measures to mitigate these adverse effects.

Now, if we adopt the proposed regulations, which will, we believe, satisfy the Justice opinion, those five requirements will be eliminated, and the only way we will be able to determine whether the Federal agency has done any of those things is by having some kind of documentation requirement. The second part of section 106, covers the Council's comment function, in which the Federal agency head is required to afford the Advisory Council reasonable opportunity to comment, presumably the agency will have to provide us some documentation of what they have done up to that point.

But it seems to me that that is a very weak backdoor kind of requirement, just to make sure that we have adequate documentation.

IDENTIFICATION OF HISTORIC PROPERTIES

Senator McClure. When you listed your five points, the first in the five was to identify historic properties that might be affected?

Mr. Aldrich. Correct.

Senator McClure. Now, what do you mean by that term? Is that just simply to look at what you have already identified?

Mr. Aldrich. No, sir.

Senator McClure. Or is it a requirement for them to look?

Mr. Aldrich. No, sir; the statute or the present regulations require a Federal agency to look at the impact of their project on historic resources. They must determine in each case whether a property which is either on the National Register or might qualify to be on the National Register is impacted by the action.

Senator McClure. Now, the first requirement is relatively easy to do?

Mr. Aldrich. Yes; all I do is look at the list.

Senator McClure. Yes.

Mr. Aldrich. But the second one isn't so easy because they have to examine their properties, and there is an awful lot of property out there that is not on the National Register and would qualify to be on it. Our regulations since 1972 have required a Federal agency to take a look at that.

And notice, sir, that the Justice opinion not only states that our proposed regulations are contrary to the intent of Congress but that the regulations which go back to the early 1970's always were contrary to the intent of Congress.

EFFECTS OF JUSTICE DEPARTMENT OPINION

Senator McClure. Is it your belief, then, that the Justice Department's opinion would nullify a regulation that requires a Federal agency to evaluate whether or not there is a property that would qualify?

Mr. Aldrich. Yes, sir; I believe that would be the net effect of the Justice opinion. It certainly would eliminate the ability of the Council by regulation to require a Federal agency to do that.

It would not prevent the President from doing that by executive order, for example, but the thrust of the Justice opinion is that the Advisory Council doesn't have the power because Congress didn't give it the power, or didn't intend it to have the power to regulate other Federal agencies.

FEDERAL AGENCY COMPLIANCE

Senator McClure. Had you had problems with other Federal agencies with respect to the identification either of the classes you have mentioned, those that are on the historic register or those that would qualify?

Mr. Aldrich. Most Federal agencies know what the regulations are and know what the purpose of the regulations and the statute is and have been very cooperative. I would say that of the roughly 2,000 cases that come to us every year there is a real bona fide effort on the part of Federal agencies in the great majority of cases to conform with the statute.

Now, there are exceptions to that.

Senator McClure. Are they individual exceptions or agency exceptions?

Mr. Aldrich. I would say that at present only three agencies consistently have major problems with full compliance of the act—the Corps of Engineers, some of the offices of the Department of Transportation, and some of the divisions of the Interior Department, particularly relating to strip mining. Those are the areas in which I think we have had probably the most problems at the operating level, being sure that full cooperation is given and full understanding of the intent of the act.

OTHER AGENCIES' REGULATIONS

Senator McClure. Do other agencies have regulations dealing with the identification of historic properties?

Mr. Aldrich. Yes; I believe they do.

Mr. Garvey. Well, if you are referring to formalized regulations, am not certain that I could answer that. However, in the process of developing an internal mechanism for dealing with section 106, most agencies have created a system that does, in fact, call for some sort of survey to identify the properties that might be affected by their undertakings.

Senator McClure. Do the three agencies which you have mentioned have such regulations or practices?

Mr. Garvey. Yes.

Mr. Aldrich. Well, one thing that concerns me somewhat, Senator, is that in recently drafted regulations, the Corps of Engineers proposed simply to send the permit application on every case to the State historic preservation officer and the Advisory Council to let us determine whether there was an affected property, what the effects would be, and what parties were involved, and so on.

In other words, instead of the corps going through this process, it would have just handed us thousands of pieces of paper and said, in effect "You do it."

Senator McClure. Do they really intend to do that?

Mr. Aldrich. It was in their draft regulations, as I recall.

Senator McClure. Well, that doesn't mean they really intend to do it.

Mr. Aldrich. No; but it is an indicator of the attitude.

Senator McClure. Have you talked to them about it?

Mr. Aldrich. Oh, yes.

Senator McClure. And do they intend to do it?

Mr. Aldrich. I don't think it is going to fly, Senator. I don't think those regulations will be approved, but it is an indication of the state of mind, I think, the fact that they even got into print in that form.

I think some Federal agencies would just as soon get rid of this responsibility.

Senator McClure. If they sent you that many project notices, what would you do with them?

Mr. Aldrich. With our present staff, all we could do is wave at each one as it went through the office. We wouldn't be able to handle it, sir.

REGULATION ALTERNATIVES

Senator McClure. The reason I asked the question about other agencies' regulations is there are two ways to handle the question. One is by a blanket regulation which you would issue, which Justice says you cannot do.

Mr. Aldrich. That is correct.

Senator McClure. And the other would be that each agency in and of itself would observe the requirements of the statute?

Mr. Aldrich. Yes, sir; that is one way of handling it, and this assumes a commitment on the part of each agency to meet the responsibilities as spelled out in section 106.

Senator McClure. You have outlined where you think the major difficulties are in meeting that commitment?

Mr. Aldrich. I am a little dubious, to be honest with you, sir, about some agencies. I feel that some of the steam behind this problem we have been having is the feeling on the part of some agencies that this is an opportunity to get rid of this nagging little responsibility of having to take into account historic values.

HISTORIC PRESERVATION ABUSE

Senator McClure. There is another side to the coin, as there usually is. That is the attempt on the part of some people to use historic preservation as the means by which they block actions which they don't want to occur.

Mr. Aldrich. Exactly. I agree.

Senator McClure. I am sure you are aware of that.

Mr. Aldrich. I am very aware of it, and I am very much against it.

Senator McClure. How do you handle that?

Mr. Aldrich. There are two ways of handling it, and this again goes into the document that we are developing that will lay out the principles and policies of the Council as we would like to see them.

One is to insert some short timeframes into our deliberations. One of the tactics that certain environmental lawyers—and I am an environmental lawyer, so I can say this—use the opened-ended process in NEPA to delay a project until it is so darned expensive it is not going to happen. And so if you put a short-time fuse on actions, you will foreclose that. That is one way of coping with it.

Another way is to define clearly in our statement of principles that we are not the final court of appeals in historic preservation matters, that we seek the public interest, and, indeed, this has been the way we have been running our shop, at least since I came into it in 1981. Instead of just taking into account historic values we look at market factors and economic values and other things that relate to the overall well-being of the community.

Perhaps the best example of that was in the Canal Place project in New Orleans, where to the astonishment of the historic community in New Orleans we came out four square in favor of the Canal Place project, which has a considerable impact on a national historic landmark, the Vieux Carre District.

I believe it is our job to seek the public interest, not just to reflect historic values.

CONSIDERATION OF HISTORIC VALUES

Senator McClure. I assume that you would agree that the statute is intended to require a consideration of historic values in these projects.

Mr. Aldrich. Absolutely. I disagree with the Justice Department opinion, sir.

Senator McClure. But not necessarily preservation of the historic property at all cost?

Mr. Aldrich. Not at all necessarily. In fact, almost every day I sign off on a memorandum of agreement which allows the destruction of a piece of property on, or eligible for, the National Register. Very often it is a bridge. Often the only mitigation action is recording under the historic American engineering record or the historic American building survey.

We don't stand to stop all destruction of historic property. We just want to make sure that alternatives are looked at and to make sure that if there is any way of mitigating the loss, the agency considered it.

STATUTORY CONFLICT

Senator McClure. Well, apparently we have run into a hiatus here where Congress thought the statute meant one thing and has said so and Justice Department believes it means something else and has said so.

Mr. Aldrich. Correct.

Senator McClure. And perhaps further argument is simply futile.

What we perhaps should do is to enact a clarification of whether the Council is empowered by section 211 of the National Historic Preservation Act to issue regulations implementing all of section 106 of the same act and be done with it.

How would you react to such a proposal?

Mr. Aldrich. I personally would be very much in favor of it. In fact, I might even go a little bit further and expand that language to include some of the five points I raised, like the identification of properties and the evaluation of the effect.

Senator McClure. And including within it some timeframe?

Mr. Aldrich. Oh, yes, yes. I would include that to make sure——

Senator McClure. To balance it?

Mr. Aldrich. Exactly.

Senator McClure. To reduce the opposition?

Mr. Aldrich. Exactly. I would be very much in favor of that, and my guess is—and I don't have a vote on this, Senator—but my guess is that a substantial majority of the Council itself would feel the same way.

TAX CREDITS

Senator McClure. What is your attitude toward the continuation of the historic preservation tax credit legislation?

Mr. Aldrich. I am very much in favor of it, sir. I have seen—I come from Saratoga Springs, NY, and I have seen what the tax credit has done to that community, and I think you can multiply that by thousands of communities around the country. It has actually restored the tax base of practically every community in the country that has used it.

Senator McCLURE. Many of the historic renovations that have occurred under that act have been to convert residential properties into commercial properties.

Mr. ALDRICH. That is true.

Senator McCLURE. Do you have any idea of, first, how large a proportion commercial conversion is of the total, and, second, is that desirable?

Mr. ALDRICH. There is an extremely thorough study of that particular point that was done by the National Trust last summer. It is called the PRIME Program. I can't remember what PRIME stands for, but they have a computerized study of that whole question, and it is extremely well done, and for the record I would be happy to supply it to you, sir.

Senator McCLURE. If you would, please.

[The information follows:]

PRIME

National Trust for Historic Preservation 1984

PRIME Is an Econometric Model

PRIME, an acronym for Preservation and Rehabilitation IMpact Estimator, uses the statistical techniques of econometrics to model the national preservation and rehabilitation industry. PRIME is a tool for understanding the relationships between preservation, rehabilitation, new construction, taxes and the economy. With PRIME we can look into the future, make predictions about preservation and rehabilitation activity and examine the impact of alternative federal tax policies.

PRIME Estimates the Impact of Tax Law Changes

Tax policy is one of PRIME's central focuses. The model is designed to address three broad tax-related issues:

- How much preservation activity is attributable to the investment tax credit (ITC) and how would changes to these tax incentives affect preservation?
- How much federal tax revenue is currently foregone due to the ITC and how would this change under alternative tax programs?
- How would changes to current tax incentives affect the secondary economic benefits (jobs and local tax revenues) associated with investment in historic preservation?

PRIME Is an Operating Model

PRIME estimates the impact of various federal tax programs on the amount of investment in historic preservation. PRIME does this by first calculating the rate of return for historic preservation projects under a given set of tax rules. It then uses this rate of return along with other economic factors to predict total investment in historic properties. Using this technique, the amounts of investment in historic preservation under alternative tax programs can be compared.

PRIME also predicts anticipated secondary benefits from investments in preservation projects. These can also be compared under alternative tax programs. The secondary impacts currently included in the model are: new earnings generated; number of new jobs created; and gross sales increases.

What We've Learned from Developing PRIME

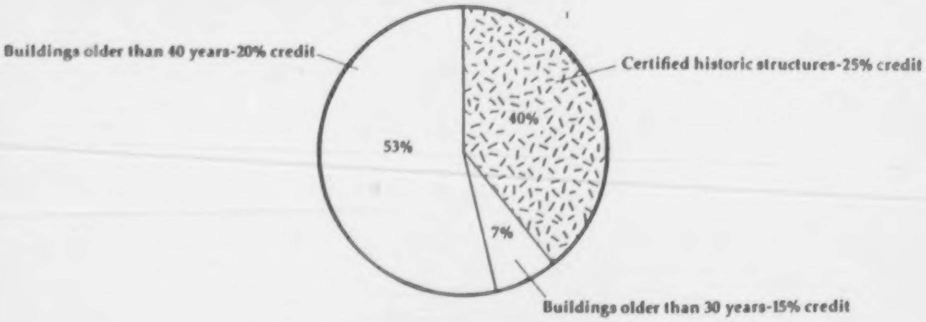
In collecting the information needed to develop PRIME, the Trust's research staff has brought together data from many sources, has confirmed tenets long held by people working in preservation and has uncovered many new facts.

The Number of Eligible Historic Preservation Projects Is Limited

Very little is known about the buildings that may qualify for the preservation investment tax credit. While all income-producing buildings qualify for these tax credits, there is no national listing or inventory of all structures -- the only existing body of data about buildings collected by the government is the Census of Housing, which considers residential buildings only.

Historic buildings represent a very small proportion of the buildings over 50 years old. By the end of August, 1984 the National Register of Historic Places, which lists structures of all uses (both commercial and residential) included about 250,000 buildings -- 25,000 listed individually and 225,000 within historic districts. However, this represents less than one percent of all buildings more than 50 years old nationwide.

Most Rehabilitation Tax Credit Expenditures Are Not for Historic Preservation



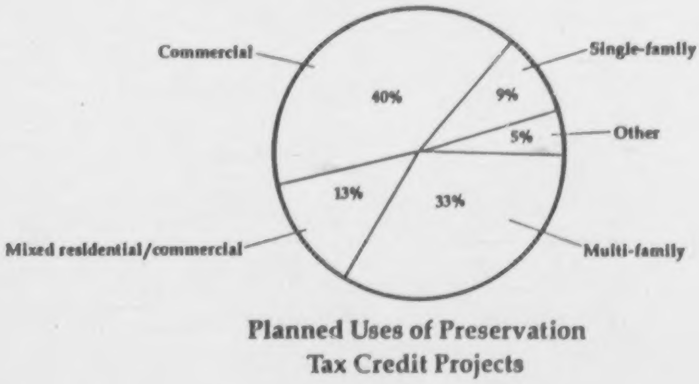
Use of the Rehabilitation Tax Credit
Relative to Size of Credit Claimed

Source: IRS 1982 Individual Tax Returns

Owners of Historic Structures Have Applied for $6.24 Billion in Rehabilitation Tax Credits Since 1976

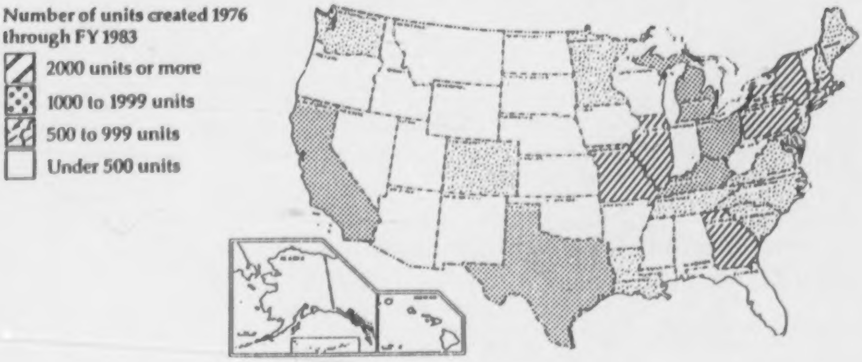
The National Park Service estimates that almost 10,000 tax act projects have been approved, representing a total of $6.24 billion in rehabilitation expenditures from the inception of the program through the third quarter of 1984.

Historic Preservation Projects Have Varied Uses

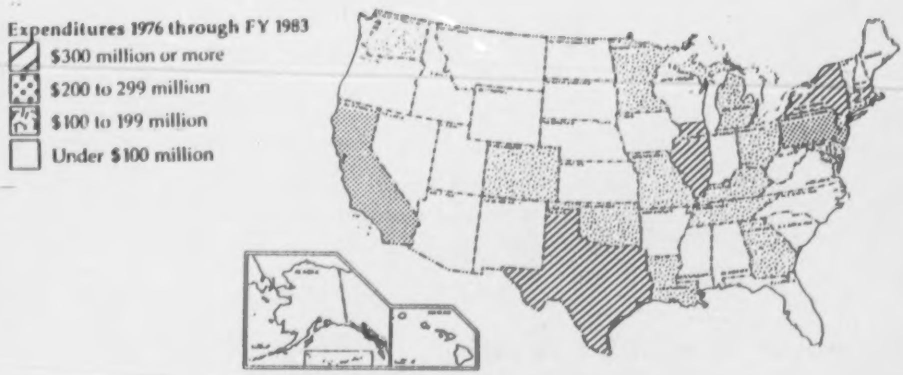


Planned Uses of Preservation
Tax Credit Projects

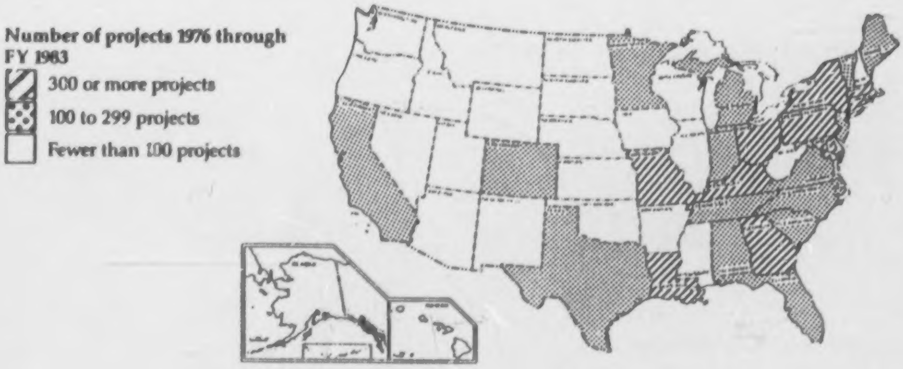
Preservation Has Increased Rental Housing Opportunities


Number of units created 1976 through FY 1983
2000 units or more
1000 to 1999 units
500 to 999 units
Under 500 units

Housing Units Created by State


Expenditures 1976 through FY 1983
$300 million or more
$200 to 299 million
$100 to 199 million
Under $100 million

Preservation Tax Credit Dollars by State


Number of projects 1976 through FY 1983
300 or more projects
100 to 299 projects
Fewer than 100 projects

Preservation Tax Credit Projects by State

Individual Project Data Show the Diversity of Historic Preservation Projects

The diversity of projects helps explain why the program has been so widely accepted and has been effective in many different kinds of communities. Expenditures for individual projects range from $1,000 to $80 million. (six percent of all projects cost under $20,000 and three percent cost over $5 million.)

The proportion of rehabilitation projects by cost range follows:

- 22 percent of projects have rehabilitation costs of under $50,000;
- 43 percent of projects have rehabilitation costs of between $50,000 and $250,000;
- 21 percent of projects have costs of between $250,000 and one million dollars;
- 14 percent of projects have costs of over one million dollars.

Findings about three cost categories of historic rehabilitation projects are discussed below:

The Typical Project

Typical projects (those with estimated rehabilitation costs that fall in the category of $50,000 to $250,000) are used in one of two ways: 40 percent are multi-family buildings and 35 percent are commercial buildings.

Of the typical projects that are multi-family, one-half cost less than $100,000, and one-half cost more. These projects tend to cover a small amount of space: about one-half are between 2,500 and 5,000 square feet. The number of housing units is also generally small (one-fourth had only two units, and about one-half had between three and five units). Ten percent of these multi-family buildings had not been previously in residential use. The cost per square foot for the typical multi-family projects is more than that for typical commercial projects (50 percent fall in the $20 to $39 per-square-foot range).

Of the typical projects that are commercial, 65 percent had costs of more than $100,000. About 38 percent of the commercial projects cost between $20 to $39 per-square-foot, while 40 percent have estimated costs of less than $20 per-square-foot. Thirty-seven percent of the buildings rehabilitated in this group were historically used as single-family residences (only 40 percent were originally used as commercial buildings).

The Large Project

Large projects, those costing between $500,000 and $5 million, accounted for 20 percent of all projects. The majority of these projects are commercial buildings. Two-thirds of the commercial projects were historically commercial; one-third were converted from other nonresidential uses. The typical large project is about 35,000 square feet. Fifty percent are between 25,000 and 50,000 square feet in size, and 30 percent are larger than 50,000 square feet.

Of the proposed multi-family projects in the large category, 32 percent were multi-family historically, 21 percent were converted from commercial use to multi-family use and 37 percent were converted from other nonresidential uses (80 percent were either schools or factories). Only 20 percent of the large multi-family projects had more than 100 units.

Unexpected Findings

PRIME found that a surprisingly high proportion (22 percent) of all projects is small (6 percent cost less than $20,000 while 16 percent cost between $20,000 and $50,000). Typically the very small projects entail repairs to porches, doors, windows and roofs. They often include the creation of additional housing units within single-family houses: 71 percent of the very small projects with a multi-family use were historically single-family structures. Of the rehabilitation projects that cost less than $20,000, 27 percent are single-family rental residences, 30 percent are multi-family dwellings, and 27 percent are commercial projects. Projects costing less than $20,000 generally have low estimated square footage costs: 23 percent were under $1 per-square-foot, 25 percent cost between $1 and $5 per-square-foot and 30 percent cost between $5 and $10 per-square-foot.

Very large projects, those with more than $5 million in rehabilitation expenditures, account for 3 percent of historic preservation projects.

Preservation Projects Have Substantial Secondary Benefits

A preservation project not only has an immediate economic impact on the local community, but it also provides benefits that extend beyond the rehabilitation expenditures themselves and continue when a project is completed. While the project itself has the immediate impact of creating construction jobs and purchasing local materials, it also has long-range benefits that vary from improved support for local schools and public works through higher property tax assessments to increased local retail sales through tourism. Indeed, from the local area's standpoint these longer range economic benefits may outweigh the immediate benefits of the original infusion of construction dollars. One of the major objectives of PRIME has been to estimate the economic value of these secondary benefits.

To date three types of secondary impacts have been quantified for PRIME. Data from the Department of Commerce for 173 local economic areas have been used to develop national estimates of new earnings generated and new jobs created by rehabilitation expenditures. Similar data have been used to estimate new sales generated by historic preservation dollars. This research indicates that every $100,000 spent on historic rehabilitation increases sales by $253,000, generates $74,600 in new earnings and creates four new jobs.

Work has begun on two other secondary impacts. The Bank of Boston in conjunction with the Council for Northeast Economic Action and the National Trust has just completed a pilot project studying property tax impacts in Boston. Property tax records were examined for 33 certified projects that were completed in 1983. Prior to rehabilitation these 33 buildings were assessed for tax purposes at a total of $853,000. In 1984, a year after these projects were completed, the assessed value of the buildings was $10 million -- more than a tenfold increase in the tax value of the buildings. This result is not just due to an extraordinary increase in the value of one or two buildings: 22 of the 33 buildings increased roughly tenfold in value after rehabilitation.

Preliminary work is also under way to measure the value of tourism generated by historic preservation projects to local communities.

PRIME Is a Continuing Asset to Preservation

PRIME currently uses a database of over 7,000 individual tax act projects and data from the Department of Commerce on 173 local economic areas. Local economic characteristics developed by the Bureau of Census could be added to the data already available on each project and combined with more in-depth analysis of individual project data, would allow users to analyze the impact of federal tax programs by Census region and state. In addition, PRIME could be used to differentiate the impacts of federal tax policy on inner cities and economically deprived areas from that on small towns and rural areas and to account for local area property tax impacts. Eventually, special local impact analysis (already possible for some areas using the data underlying the national PRIME estimates) could then be undertaken using PRIME directly.

PRIME was used to generate secondary impacts for Baltimore and substantial secondary impacts of the rehabilitation expenditures were found. PRIME determined that the rehabilitation expenditures for the historic preservation projects certified between 1976 and the end of FY 1983 resulted in increases of:

- a maximum gross output of $292.6 million in sales;
- at least 4,000 full-time jobs;
- a maximum impact on earnings of $86.7 million.

The data shown below for Baltimore includes only about one-half of the total information that is currently available on each individual project. However, it suggests the potential usefulness of the PRIME model for local analysis.

Preservation Tax Credit Projects: National Database

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-------------------- STATE=MD --------------------------------------------------------------

   CITY          ZIP       YEAR     YRBUILT     PROPUSE        ESTCOST        SQFT     HUMUNITS

BALTIMORE       21231       81        866          2            375000        9500         8
BALTIMORE       21223       81        867          2             65000        1900         2
BALTIMORE                   81        848          2             56000        2400         2
BALTIMORE       21202       81        830          3            250000        9980         0
BALTIMORE       21230       81        850          1             55000        1100         1
BALTIMORE       21201       81        828          2            222766        4000         3
BALTIMORE       21202       81        888          3            100000        5332         0
BALTIMORE       21230       82        860          1             35000         720         1
BALTIMORE       21217       82        892          2             85000        2766         3
BALTIMORE       21201       82        891          3           1000000       26754         0
BALTIMORE       21230       82        851          1             30000         780         0
BALTIMORE       21201       82        909          3            100000       10926         0
BALTIMORE       21217       82        884          2            865000       26813        21
BALTIMORE       21201       82        895          2            405000       11144        15
BALTIMORE       21230       82        869          2            199000        4896         3
BALTIMORE       21201       82        858          2            500000       20000         6
BALTIMORE       21202       82        913          3           1000000       62300         0
BALTIMORE       21201       83        860          2            173018        5000         4
BALTIMORE       21217       83        890          2             67000        2790         4
BALTIMORE       21201       83        857          3           1600000       10700         0
BALTIMORE       21230       83        910          2           1820000       48000        49
BALTIMORE       21231       83        790          2            100000        2328         2
BALTIMORE       21230       83        820          1             27600        1400       999
BALTIMORE       21230       83        800          2            105000        2100         2
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Senator McCLURE. I am very much in favor of the Tax Credit Program because I am very much of the belief that the expenditures that occur under that program likely would not have occurred in the absence of it.

Mr. ALDRICH. On the first page of our annual report, which we are going to hand you this morning, Senator, is a message of the President, who says the same thing.

Senator McCLURE. The second point, I suppose, would be that even though I raise some concern about the conversions of residential properties into commercial property, I suspect all of us would rather see that property preserved even though that change takes place.

Mr. ALDRICH. Yes; and the bulk of the commercial property conversions is residential property being split into two halves and half of it being rented to somebody else as a residence, and that, if my memory serves me, is allowed under the act. As long as it is a rental property, it doesn't matter that it is still for residential purposes.

Senator McCLURE. Would it be accurate to say that much of that occurs in areas of a community which have become commercial areas?

Mr. ALDRICH. Yes; a good deal of it has.

Senator McCLURE. And it would not be possible to preserve it as residential property simply because it is no longer in a residential district of that community?

Mr. ALDRICH. That has certainly been true of Saratoga Springs, although, in our community the former campus of Skidmore College, which contained 110 Victorian buildings, have been converted, using the Tax Act, to residential facilities, most of them rental.

Senator McCLURE. So it sometimes works in the other way?

Mr. ALDRICH. Yes; it does. But, nevertheless, the fact is that the buildings are still there, and it has greatly enhanced both the quality of life in that community and also the tax base.

Senator McCLURE. I suppose there would have been a time when people would look at the Waterfront in Baltimore, look at eastern portions of the District of Columbia as examples and say, well, it is not possible to maintain residential character in that area, let's let it go commercial.

Mr. ALDRICH. Or let's tear it down.

Senator McCLURE. Yes; or let's tear it down.

Let's assume that in the midst of that kind of a deteriorating residential district that historic preservation is used as a means to convert property into commercial property.

Does that then inhibit the likelihood that it would be renovated as residential property?

Mr. ALDRICH. No, sir; not necessarily. I think the key to this whole program is the saving of the structures themselves, and whether they are residential or commercial or industrial doesn't make that much difference because by saving the building now you are saving it for still another use down the road.

Senator McClure. The question of the character of the area in which it is located can be approached as a different question, not on the renovation or preservation of the building?

Mr. Aldrich. Exactly. Somehow I don't find that threatening, that there is a change from residential to commercial, because maybe 25 years from now it will change back, and I am not wise enough to say which way it ought to be but I think I am wise enough to say let's save those buildings because as more time goes by the more valuable they will be.

Senator McClure. Thank you very much for your testimony this morning, Mr. Aldrich.

Mr. Aldrich. I would like you to have this, sir, our fiscal year 1984 annual report.

Senator McClure. All right, I will receive it with a great deal of interest.

ADDITIONAL COMMITTEE QUESTIONS

We will submit several additional budget questions for response on the record, and other members of the committee may have questions to submit for response to the record as well.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

Question: In enacting the 1985 appropriation bill and the 1985 amendments to the National Historic Preservation Act, both House and Senate appropriation and authorization Committee reports restated Congressional intent that the Council was empowered to issue regulations requiring the various Federal agencies to take certain actions to protect historic properties. What has been OMB and Justice's reaction to this report language?

Answer: Not long after P.L. 98-483 was signed into law, OMB asked the Justice Department whether the accompanying legislative history altered Justice's earlier legal conclusions on the Council's regulatory authority. Justice replied that the Congress' views were of "limited relevance" and stated that the Council was obligated to continue to conform to the original Justice opinion. The text of the Justice letter follows:

NOV 23 1984

Michael J. Horowitz
Counsel to the Director
Office of Management and Budget
Washington, D.C. 20503

Dear Mr. Horowitz:

This responds to your request of November 19, 1984 for our opinion on the continuing validity of the legal conclusions contained in our opinion of October 28, 1983 on the regulatory authority of the Advisory Council on Historic Preservation, in light of certain statements contained in congressional committee reports on the Advisory Council's most recent appropriations authorization legislation. The General Counsel of the Advisory Council has apparently taken the position, as outlined in his memorandum of November 16, 1984 to members of the Advisory Council, that these committee statements cast doubt on the conclusions in the October 28, 1983 OLC opinion relating to the scope of the Advisory Council's power to issue regulations under § 211 of the National Historic Preservation Act of 1966, as amended. */ Further, he appears

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*/ It is not clear from the General Counsel's November 16 memorandum whether his position is that the reauthorization legislation itself effected the legislative revision of § 211 necessary to give the Advisory Council the regulatory power it has in the past claimed; or, whether he takes the position that the statements in the committee reports should be viewed as evidence of the intended scope of § 211 as enacted in 1976 and amended in 1980. We presume that it is the latter, as both the House and Senate committees expressly rejected proposals to take any legislative action relating to the regulatory authority of the Advisory Council. See H.R. Rep. No. 761, 98th Cong. 2d Sess. 5 (1984); S. Rep. No. 623, 98th Cong. 2d Sess. 4 (1984). Furthermore, contrary to the implication of the first sentence of the second paragraph of the General Counsel's memorandum, legislative action can only be taken through the constitutionally prescribed procedures of bicameral passage and presentment to the President. Immigration and Naturalization Service v. Chadha, 462 U.S. 919 (1983).

to advise members of the Advisory Council that they may disregard those conclusions in considering and acting upon proposed revisions to the Advisory Council's regulations.

It is an elementary rule of statutory construction that postenactment legislative history is of limited relevance in ascertaining the proper construction of a statute. See 2A Sutherland Statutory Construction § 49.06 (Sands ed. 1973) (little weight given to "views expressed by members of subsequent legislatures as to the meaning of acts passed by previous legislatures"); United States v. Philadelphia Nat. Bank, 374 U.S. 321, 348-49 (1963)("the views of a subsequent Congress form a hazardous basis for inferring the intent of an earlier one"). This rule is particularly applicable when, as here, evidence of the intended scope of a statute is sought in the legislative history of a subsequent appropriations measure. See TVA v. Hill, 437 U.S. 153, 190 (1978).

Indeed, we think that whatever evidentiary value postenactment legislative history has in this case cuts against the General Counsel's position. In several recent cases the Supreme Court has found, in Congress' failure to amend a statute, support for an administrative interpretation which has been fully brought to the attention of Congress and the public. See, e.g., North Haven Bd. of Ed. v. Bell, 456 U.S. 512, 530-35 (1982). In this case, both Congress and the public have been made very much aware by the Advisory Council itself of the October 28, 1983 OLC opinion, and there have been several unsuccessful attempts since the opinion's issuance to persuade Congress to amend § 211 to give the Advisory Council additional powers. The most recent of these unsuccessful efforts came in connection with the very reauthorization legislation at issue here. Far from providing support for an argument that OLC's interpretation of § 211 is incorrect, this history strikes us as suggestive of congressional acquiescense in the interpretation of § 211 contained in the October 28 1983 OLC opinion.

Under these circumstances, we frankly do not understand how the General Counsel of the Advisory Council can responsibly suggest to members of the Advisory Council, as he has in his November 16, 1983 memorandum, that they are free to disregard our October 28, 1983 opinion as they consider proposed revisions to the Advisory Council's § 106 regulations. **/ Furthermore, we need not remind you that our October 28, 1983 opinion was provided pursuant to Executive Order No. 12146, § 1-402, which requires certain Executive Branch disputes to be submitted to the Attorney General for resolution. The Attorney General has delegated this function to the Office of Legal Counsel. Therefore, the General Counsel and the members of the Advisory Council should be advised that they should

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**/ We have not had been asked to review the most recent draft of the regulations containing such revisions, which is apparently to be considered at the Advisory Council's November 26 meeting. We therefore cannot say whether the proposed revisions would bring the regulations within the Advisory Council's power under the 1966 Act.

follow the October 28, 1983 opinion of this Office, unless and until they are advised by the President to the contrary.

Sincerely,

Ralph W. Tarr

Ralph W. Tarr
Acting Assistant Attorney General
Office of Legal Counsel

Question: What is the likely impact on the ability of the Council to review the projects of, say, the Corps of Engineers or the Federal Highway Administration if the Council is prohibited from requiring that agencies "take into account" the effect of its projects?

Answer: The effect would depend on the extent to which each agency chose voluntarily to continue a process of "taking into account" that facilitates Council review. The Federal Highway Administration has long promoted the idea that Section 106 review should be subsumed within the process of compliance with the National Environmental Policy Act, though it has never been specific about how this could be done. It is predictable that the FHWA would move toward a system in which it would file environmental assessments and Environmental Impact Statements with the Council without provision for consultation to resolve conflicts. Depending on the number of such documents provided for review, and the level of other review work, the Council might be able to handle the review load, but effectiveness would be sharply curtailed because no mechanism would exist for reaching consensus about what should be done to reduce damage to historic properties. Such a system would also probably change the role of the SHPO. At present the SHPO works with state transportation agencies early in project planning, and this consultation "screens out" many projects that do not need Council review. If this screening function were eliminated, the Council's review load could increase dramatically, while effectiveness would be curtailed. The Corps of Engineers Civil Works Program would probably follow an approach similar to that adopted by FHWA.

The Corps of Engineers Permit Program has already indicated what approach it plans to take, embodied in regulations proposed last May. Its proposed regulations would have it simply provide permit notices to the SHPO and the Council for 30 day review; if the Council asked to comment on such a notice, the Corps would then give the Council up to 30 days in which to comment. No provision is made in the regulations for identification of historic properties (except those already on the National Register or an equivalent), for determining project effect, or for consultation to develop means of reducing damage. There is no way that the Council could carry on an effective review process based on the Corps' proposed regulations; our "review" would be a mere exercise in paper-shuffling.

Question: Does the Corps really plan to simply send all of its project notices to the Council for review?

Answer: Not exactly. The Corps' draft regulation would have all notices sent to the SHPO. Notices would be sent to the Council if the permit area was known to contain a property already listed on the National Register or already determined eligible for listing, or if the District Engineer was aware of a property not yet determined eligible that he thought might be eligible and subject to effect.

Question: How many project notices will that be? What will you do with them?

Answer: We are advised by the Corps that they process about 18,000 permits per year. How many of these would end up coming to the Council is very difficult to say. All would go to the SHPOs. We cannot imagine that any of us could do anything very useful with them. For those permit areas where no historic properties had been registered but such properties were likely to occur, the SHPOs might well ask for some sort of field inspection to determine what was there to be affected, but there is nothing in the Corps' regulations to suggest that such a request would be attended to. For those permit areas where historic properties were known, the Council, SHPO, and Park Service presumably would be expected to suggest measures to mitigate project effects; nothing in the regulations suggests that the Corps would take any initiative in this area. We see no way that we could come up with rational mitigation proposals on the strength of the slender information the Corps proposes to provide, even if the number of notices were small enough to make this possible within our funding and staff constraints. The overall effect of the Corps' regulations, thus, would be that any historic property that had not been formally identified and recorded before the permit was applied for would be lost without even being identified, and that any such property that had already been identified would be subject only to such protection as the Council and SHPO could develop by themselves and that the Corps was prepared to accept. The net result would be a dramatic increase in the loss of historic properties that even massive increases in Council staffing and budget could not reduce significantly.

Question: Allegations have been made that your revised 106 regulations extend the Council's regulatory authority to include preservation actions on private and State lands, on projects funded by State and private funding. Further, the revised regulations are said to mandate agency actions to preserve historic structures, rather than to be advisory in nature. How do you respond to these charges?

Answer: Unfortunately, these allegations reflect a basic misunderstanding about how the Council implements Section 106 and a total lack of accurate information on the day to day workings of the Section 106 process. This is not a new problem in the regulations controversy and one that may be at the heart of opposition to the Council's proposals for reform. At the outset, it must be noted that the proposed revisions which spawned these allegations would produce regulations that are essentially the same as ones currently in force. No additional obligations would be imposed and, in fact, the proposals would streamline the current process and give Federal agencies more flexibility.

In response to the first allegation, it must be emphasized that Section 106, as implemented by the Council extends only to activites that are carried out, funded or approved by Federal agencies. This would include actions on private and State lands, if Federal funds were being used or a Federal license or permit was required. Likewise, a project funded by State or private funding would be subject to Section 106 review if the project also received Federal funding or needed a Federal permit or license. The vast majority of cases coming before the Council involve a mix of Federal and non-federal funds or non-federal monies used to construct something subject to a Federal permit. Section 106 requires the sponsoring agency to seek and consider the Council's comments in reaching a final decision whether to go forward with the project. The decision whether or not to expend Federal monies or grant a Federal permit rests with the Federal agency. More importantly, the Council exercises no control over the non-federal decision to proceed with a project using private funds.

The second allegation similarly is lacking in factual basis. The Council is advisory and possesses no power, by statute or regulation, to compel an agency to follow its advice. The current regulations and all revisions that have been considered by the Council respect this basic principle. The ultimate responsibility for an undertaking lies with the sponsoring agency and it alone can make the final decision whether or how to proceed. Agencies may enter into binding agreements with the Council and the State Historic Preservation Officer which they are then obligated to follow.

However, the choice of entering such an agreement is completely up to the agency; no one can compel it. Twisted readings of regulatory revisions, with no acknowledgement of the realities of the Section 106 process, for the basis for this allegation. It is without question that the Council lacks this compulsory power and no one has suggested the Council should exert such authority over Federal agencies.

Question: What is the total amount of pay cost increases anticipated by the Council in FY 1986 and how much is the Council expected to absorb?

Answer: The 3.5% pay raise effective in January, 1985 requires $27,000 for 1985 and $36,000 for FY 1986. We were instructed by OMB to absorb the 1985 cost. For 1986 we were instructed to offset the 3.5% increase with 5% pay cut, which in effect, cancels the original raise.

Question: How will you achieve those savings?

Answer: We will be forced to delay filling vacancies, or lapsing positions, and we will reduce travel by requesting that agencies help cover some of our travel expenses.

Question: How much will be required in 1986 to cover the full-year cost of the 1985 pay increase? Based on how many FTE for 1986?

Answer: The full year cost, or annualization, of the 1985 pay increase will be $36,000 in 1986 based on 36 FTE.

Question: Last year the statutory citation in the bill language was changed from Public Law 94-422 to Public Law 89-665. Why?

Answer: The Council was established by the National Historic Preservation Act of 1966, P.L. 89-665, as an entity of the Department of the Interior. In 1976 the act was amended by P.L. 94-422 which made the Council an independent agency. Further amendments were made in 1980 under P.L. 96-515. All of these acts are contained in 16 USC 470. The proper statutory citation should refer to the original public law (89-665).

Question: The table on page 15 shows that you are reducing the number of cases carried forward each year up to the budget year. What is your estimate of cases that would be carried into FY 1986 if you receive the full $36,000 pay increase required in 1985?

Answer: The 1985 requirement is $27,000 for 3/4 of the year and the 1986 requirement is $36,000 for the full year. The pay increase would enable us to hold our own, carrying over around 250 cases into 1986. Recent decreases in carryover have resulted largely from efficiencies arising from suspension of portions of our regulations in 1982, and from installation of ADP equipment which has facilitated case document processing. Staffing cuts have operated to increase the carryover; the Western Division of Project Review in Denver, particularly, reports difficulty in keeping up with its caseload as the result of our decision during the last fiscal year to economize by not filling the vacancy created by the resignation of a senior staff member. With the pay increase we feel that we could remain at least at parity and possibly reduce the carryover somewhat. Without it, we will be forced to absorb the cost, as we did in 1984, by reductions in other areas, such as travel and personnel, the two most critical factors in efficient case review.

Question: If you receive the amount you requested of OMB for 1986 ($1,707,000), how many cases would you estimate would be carried into 1987?

Answer: In the budget justification we sent to OMB in September, 1984 we estimated a carryover of 50 cases into FY 1987. We might be able to push the carryover marginally lower, but this figure includes cases initiated near the end of the fiscal year and long-pending cases over whose scheduling the Council has no control.

Question: On page 18, you state that the number of staff years being expended by SHPO's on Section 106 reviews is decreasing. Would you work with the SHPOs and develop a three year trend of SHPO staffing and a distribution of staffing by type of project?

Answer: Staffing figures as such are not immediately available, but we will work with the SHPOs and the National Park Service, which collects such data on an annual basis, to develop such information. The National Park Service has made available to us a breakdown of SHPO expenditures by category of operations over the last three years, however; this information is presented in the attached table.

HISTORIC PRESERVATION FUND
SUMMARY OF OUTLAY (Federal plus matched dollars)

		FY 1982		FY 1983		FY 1984	
		DOLLARS	PERCENT	DOLLARS	PERCENT	DOLLARS	PERCENT
I.	Review and Compliance Program	$3,987,000	12.54%	$3,917,000	10.22%	$3,922,000	5.21%
II.	National Register Program	3,450,000	10.85%	3,815,000	9.96%	3,730,000	4.95%
III.	Preservation Tax Program	1,741,000	5.48%	1,811,000	4.73%	2,020,000	2.66%
IV.	Survey Program	10,635,000	33.46%	11,544,000	30.13%	14,320,000	19.01%
V.	Planning Program	3,315,000	10.43%	5,688,000	14.84%	4,844,000	6.43%
VI.	Local Government Certification/ Pass-Through Program	--	--	958,000	2.50%	3,154,000	4.19%
VII.	Covenants and Construction Subgrants	1,220,000	3.84%	3,439,000	8.97%	35,273,000	46.82%
VIII.	Administration	3,891,000	12.24%	3,200,000	8.35%	3,617,000	4.80%
IX.	Other Activities	3,548,000	11.16%	3,948,000	10.30%	4,463,000	5.92%
TOTAL		$31,787,000	100.00%	$38,320,000	100.00%	$75,343,000	100.01%

Annotations:

1. This Summary represents total program costs.
2. The columns include carryover funds.
3. Each figure and each total does not represent 50% HPF and 50% match. States have the option of using a 70/30 Federal/State matching share ratio for survey and inventory activities. In all cases the match was for the entire State program. Thus, for example, Review and Compliance might be mostly HPF dollars, while Survey might be mostly nonfederal match. Furthermore, several States provided more nonfederal matching funds than was required.
4. "Administration" means those costs (e.g., budgeting or personnel management) not directly attributable to a specific program area. A more detailed definition is provided in the National Register Programs Manual.
5. "Other Activities" includes activities such as public education and legislative activities that also are not attributable to a single or specific program area.

The NPS data do not altogether support our impression of declining SHPO participation in Section 106 review. The table shows a consistent and, in the case of 1984, a dramatic decrease in the percentage of SHPO funding devoted to "Review and Compliance," the category in which Section 106 review occurs, but this is largely an artifact of (a) the initiation of local government pass-throughs in 1983 and (b) the large percentage of funding devoted to construction subgrants as a result of the Jobs Act in 1984. In straightforward dollar terms, funding devoted to "Review and Compliance" decreased by $70,000 nationwide between 1982 and 1983, and increased by $5,000 between 1983 and 1984.

The impression of significantly decreasing staff time devoted to Section 106 review, which has been conveyed to us by the SHPOs and suggested by our own interaction with SHPO programs, probably results from at least four factors:

(a) The marginal 1982-83 decrease probably represents the loss of only a few, but often rather key, positions in major state programs nationwide.

(b) In 1983 "Review and Compliance" and "Administration" were the only programs categories that experienced reductions, while all others increased. " Review and Compliance" made only insignificant gains in 1984 while the closely related "Planning Program" was reduced and most other elements increased. This creates the perception that "Review and Compliance" is bearing the brunt of the responsibility to maintain fiscal austerity while other program areas enjoy increases.

(c) Where key individuals are lost from "Review and Compliance" work, problems are often created for the Council that increase the visibility of the SHPO program, and hence of the loss of personnel.

(d) In at least some States, staff members who had long been involved in "Review and Compliance" work have moved on into administrative positions or positions in such program elements as "Planning" and "Preservation Tax Program;" while their positions have been filled, they have often been filled with less experienced personnel.

Question: Programmatic Memoranda of Agreement are used in connection with some large Federal projects undertaken by one agency. Please provide a list of agencies and projects currently covered and another list of projects where PMOAs are appropriate but not yet developed.

Answer:

PMOAs Currently in Force and Nearing Completion

PROGRAMMATIC MEMORANDA OF AGREEMENT

The following are Programmatic Memoranda of Agreement (PMOAs) between Federal agencies and the Advisory Council on Historic Preservation (ACHP).

A PMOA applies to programs or classes of undertakings repetitive in character or similar in effect. It specifies ways in which an agency will treat specified undertakings in order to ensure proper consideration of preservation factors, thus fulfilling the intent of Section 106 of the National Historic Preservation Act of 1966. Undertakings covered by a PMOA are not individually referred to the Council for comment so long as they are treated according to the stipulations of the PMOA.

PMOAs are negotiated and ratified in essentially the same manner as other Memoranda of Agreement (MOAs). Where they are regional in scope, all of the involved State Historic Preservation Officers (SHPOs) participate; where they are national in scope, the president of the National Conference of SHPOs represents the SHPO interest.

Proposed PMOAs, listed at the end of this fact sheet, are under active negotiation but have not been ratified.

Agriculture,
Forest Service

LITTLE MISSOURI GRASSLANDS

Signatories: USDA Forest Service, North Dakota SHPO, ACHP

Date ratified: December 8, 1981

Abstract: Establishes interim measures for the treatment of small "lithic" archeological sites, a recurrent site-type, in the context of oil and gas explorations and for the development of a long-range management plan.

Agriculture, Forest Service	MANAGEMENT FOR DEPRESSION-ERA ADMINISTRATIVE STRUCTURES Signatories: USDA Forest Service, Oregon SHPO, ACHP Date ratified: December 16, 1983 Abstract: Establishes a mechanism for the management of a common class of historic structures in Oregon National Forests.
Agriculture, Forest Service	MANAGEMENT OF LITHIC-DOMINATED ARCHEOLOGICAL SITES IN EASTERN OREGON Signatories: USDA Forest Service, Oregon SHPO, ACHP Date ratified: January 16, 1984 Abstract: Provides interim mechanisms for handling a recurrent class of archeological sites in eastern Oregon forests. Also provides for the development of a long-range preservation plan in consultation with the SHPO and the State's archeological community.
Agriculture, Forest Service	MANAGEMENT OF THE NATIONAL FOREST SYSTEM Signatories: USDA Forest Service, ACHP Date ratified: February 25, 1977 Abstract: Provides that the Council would not review forest plans but would defer review until individual projects were planned. Note: A proposed PMOA under negotiation between the Forest Service, National Conferences of SHPOs, and ACHP would supersede the 1977 agreement. It would provide for ACHP and SHPO review of forest plans and reduces review of activities carried out pursuant to the approved plans. The proposed PMOA includes extensive standards and guidelines.
Agriculture, Soil Conservation Service	SOIL AND WATER CONSERVATION ASSISTANCE ACTIVITIES Signatories: USDA Soil Conservation Service, National Conference of SHPOs, ACHP Date ratified: February 7, 1984 Abstract: Establishes a system for the review of SCS "nonproject" Federal assistance activities.
Agriculture, Soil Conservation Service	WATERSHED AND FLOOD PREVENTION OPERATIONS Signatories: USDA Soil Conservation Service, National Conference of SHPOs, ACHP Date ratified: October 31, 1983 Abstract: Provides for a largely internalized review system for SCS watershed projects.
Commerce, Economic Development Agency	LOCAL PUBLIC WORKS PROGRAM Signatories: Department of Commerce EDA, ACHP Date ratified: July 12, 1977 Abstract: Provided for expedited review of Local Public Works projects. Note: This short-term PMOA is now defunct.

Defense,
Air Force

DEPLOYMENT OF MX MISSILE

Signatories: DOD Air Force, SHPOs in the States of Nevada and Texas, ACHP

Date ratified: June 5, 1981

Abstract: Provided for the identification, evaluation, and treatment of historic properties in alternative deployment areas of the "racetrack" MX missile, as then proposed.

Note: SHPOs in New Mexico and Utah also participated in this consultation but declined to execute the PMOA. Ultimately, this PMOA was voided by the termination of the deployment plans.

Defense,
Army

BORDER STAR 81 TRAINING EXERCISE, FORT BLISS, TEXAS

Signatories: DOD Army, SHPOs in the States of New Mexico and Texas, ACHP

Date ratified: April 4, 1981

Abstract: Provides for interim measures to identify and protect historic properties in advance of a major training exercise; provides for the development of a long-range historic preservation plan for Fort Bliss.

Defense,
Army Corps of
Engineers

DOD ENVIRONMENTAL RESTORATION DEFENSE ACCOUNT IN ALASKA

Signatories: DOD Army Corps of Engineers, Alaska SHPO, ACHP

Date ratified: July 27, 1984

Abstract: Establishes interim standards for preservation in connection with the initial clean-up of World War II and post-War debris in Alaska; and provides for the development of a statewide plan for World War II historic properties.

Defense,
Army Corps of
Engineers

WATER RESOURCE PROJECTS MAINTENANCE, TULSA DISTRICT

Signatories: DOD Army Corps of Engineers; SHPOs in the States of Oklahoma, Kansas, Texas, Arkansas; ACHP

Date ratified: January 20, 1980

Abstract: Provides for the development of historic preservation plans for the operation and maintenance of reservoirs.

Energy,
Bonneville Power
Administration

ENERGY CONSERVATION PROGRAMS

Signatories: Bonneville Power Administration; SHPOs from the States of Montana, Idaho, Oregon, Wyoming, Nevada, Washington, California, Utah; ACHP

Date ratified: September 9, 1983

Abstract: Establishes preservation measures to be applied as a part of BPA's energy conservation program for historic buildings.

Note: The Utah SHPO signed a slightly different version of the PMOA, at his request.

Energy

INSTITUTIONAL CONSERVATION PROGRAM

Signatories: Department of Energy, National Conference of SHPOs, ACHP

Date ratified: June 7, 1984

Abstract: Establishes historic preservation standards for DOE's Institutional Conservation Program and provides for expedited review of projects meeting such standards.

Environmental
Protection Agency

WASTEWATER TREATMENT PROJECTS ON GUAM

Signatories: Environmental Protection Agency, Public Utility Agency of Guam, Guam Historic Preservation Officer, ACHP

Date ratified: July 11, 1984

Abstract: Provides for a phased system of identification, effect determination, consultation, and treatment coordinated with project planning stages.

Housing and
Urban Development

ENERGY CONSERVATION AND SOLAR ENERGY BANK

Signatories: Department of HUD, National Conference of SHPOs, ACHP

Date ratified: June 12, 1984

Abstract: Establishes historic preservation standards for this HUD program and provides for expedited review of projects meeting such standards.

Interior,
Bureau of Land
Management

ALL BLM ACTIVITIES IN NEW MEXICO

Signatories: DOI Bureau of Land Management, New Mexico SHPO, ACHP

Date ratified: October 19, 1982

Abstract: Establishes a comprehensive system for consultation between BLM and the SHPO on all referenced activities.

Interior,
Bureau of Land
Management

ARIZONA PUBLIC SERVICE — SAN DIEGO GAS AND ELECTRIC INTERCONNECTION IN CALIFORNIA

Signatories: DOI Bureau of Land Management, California SHPO, ACHP

Date ratified: June 7, 1982

Abstract: Provides for a comprehensive research design, avoidance, and data recovery on a large power transmission line project.

Interior,
Bureau of Land
Management

CALIFORNIA DESERT CONSERVATION AREA

Signatories: DOI Bureau of Land Management, California SHPO, ACHP

Date ratified: October 30, 1980

Abstract: Incorporates by reference the California Desert Conservation Area Plan; establishes survey, evaluation, and treatment standards; and provides for regular consultation with the SHPO on all BLM activities in the California Desert.

Interior,
Bureau of Land
Management

FEDERAL COAL MANAGEMENT PROGRAM

Signatories: DOI Bureau of Land Management, Office of Surface Mining, and U.S. Geological Survey; National Conference of SHPOs; ACHP

Date ratified: May 20, 1980

Abstract: Provides for the review of surface coal mine plans by the surface management agency (a function subsequently transferred to OSM) and the SHPO in lieu of ACHP review, provided that certain standards are followed. The PMOA applies only to Federal lands, not to Indian lands or non-Federal lands.

Note: A proposed PMOA under negotiation would replace the existing program with use of comprehensive standards, guidelines, and review of mine plans. It would provide for the use of predictive models and dispute resolution mechanisms.

Interior,
Bureau of Land
Management

LIVESTOCK GRAZING AND RANGE IMPROVEMENT PROGRAM

Signatories: DOI Bureau of Land Management, National Conference of SHPOs, ACHP

Date ratified: January 14, 1980

Abstract: Provides for inventory and evaluation of historic and cultural properties on grazing rangeland and consultation between BLM and the SHPO to develop mitigation for adverse effects to historic properties. Applies to the States of Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming. BLM is to consult with the Council where National Historic Landmarks are involved.

Interior,
Bureau of Land
Management

IN-LIEU LAND TRANSFER TO THE STATE OF ARIZONA

Signatories: DOI Bureau of Land Management, Arizona SHPO, ACHP

Date ratified: June 25, 1981

Abstract: Provides for the preferential selection of lands unlikely to contain historic properties for transfer to the State. Provides for the establishment of an agreement between the SHPO, Arizona Department of State Lands, and the State Museum to ensure identification and consideration of historic properties in planning.

Interior,
Bureau of Land
Management

IN-LIEU LAND TRANSFER TO THE STATE OF MONTANA

Signatories: DOI Bureau of Land Management, Montana SHPO, ACHP

Date ratified: March 2, 1983

Abstract: Provides for the preferential selection of lands unlikely to contain historic properties for transfer to the State. Provides for the establishment of an agreement between the SHPO and the Montana Department of State Lands to ensure identification and consideration of historic properties in planning.

Interior,
Bureau of Land
Management

NORTHERN TIER PIPELINE RIGHT-OF-WAY

Signatories: DOI Bureau of Land Management, SHPOs in the States of Washington, Idaho, Wyoming, Montana, North Dakota, and Minnesota; ACHP

Date ratified: October 13, 1981

Abstract: Provided for a comprehensive program of identification, evaluation, and treatment of historic properties in advance of oil pipeline construction.

Note: This project has been deferred; the PMOA was not implemented.

Interior,
Bureau of
Reclamation

CENTRAL ARIZONA PROJECT

Signatories: DOI Bureau of Reclamation, SHPOs in the States of Arizona and New Mexico; ACHP

Date ratified: July 15, 1983

Abstract: Establishes a comprehensive program for the identification, evaluation, and treatment of historic properties in connection with a large irrigation project.

Interior,
Bureau of
Reclamation

GARRISON DIVERSION PROJECT

Signatories: DOI Bureau of Reclamation, South Dakota SHPO, ACHP

Date ratified: August 16, 1983

Abstract: Establishes a comprehensive program for the identification, evaluation, and treatment of historic properties in connection with a large irrigation project.

Interior,
National Park
Service

GRANTS-IN-AID PROGRAM

Signatories: DOI National Park Service, ACHP

Date ratified: October 11, 1977

Abstract: Provided for internal NPS quality control review of historic preservation grants-in-aid to the SHPOs and the National Trust for Historic Preservation, in lieu of ACHP review.

Note: A PMOA ratified October 16, 1978, signed by the Heritage Conservation Recreation Service, updated the 1977 agreement with NPS. The PMOA currently covers the above-mentioned activities, now administered by the National Park Service.

Interior,
National Park
Service

NATIONAL PARK SERVICE LEASING PROGRAM

Signatories: DOI National Park Service, National Conference of SHPOs, ACHP

Date ratified: December 12, 1982

Abstract: Provides for the leasing of historic properties in accordance with professional preservation standards.

Interior,
National Park
Service

PLANNING DOCUMENTS

Signatories: DOI National Park Service, National Conference of SHPOs, ACHP

Date ratified: June 1, 1976

Abstract: Provides for the establishment of internal standards for General Management Plans and abbreviated ACHP review of projects carried out in accordance with such plans.

Note: An amendment ratified September 11, 1981, simplified the process of review and consultation on General Management Plans and brought NPS programs for energy management and protective maintenance under the provisions of this PMOA.

Interior,
Office of Surface
Mining

FEDERAL COAL MANAGEMENT PROGRAM.

See listing under Interior, BLM.

Interior,
Office of Surface
Mining

NON-FEDERAL COAL PROGRAM

Signatories: DOI Office of Surface Mining, National Conference of SHPOs, ACHP

Date ratified: August 1, 1980

Abstract: Provided for OSM to issue regulations requiring that State regulatory programs approved by DOI include the requirement for identification of historic properties and consultation with SHPOs to establish treatment measures.

Note: This PMOA has not been implemented.

Interior,
U.S. Geological
Survey

FEDERAL COAL MANAGEMENT PROGRAM

See listing under Interior, BLM.

PROPOSED PMOAS

Agriculture,
Rural
Electrification
Administration

MINOR ELECTRIFICATION PROJECTS

Proposed signatories: Rural Electrification Administration, National Conference of SHPOs, ACHP

Date ratified: N/A

Abstract: Would establish a consistent approach to small-scale electric pole line projects and related facilities.

Defense,
Army

MANAGEMENT OF TRAINING AND DOCTRINE COMMAND (TRADOC) INSTALLATIONS

Proposed signatories: DOD Army, National Conference of SHPOs, ACHP

Date ratified: N/A

Abstract: Would establish standards for historic preservation planning at all TRADOC installations.

Education

GRANTS FOR LIBRARY CONSTRUCTION

Proposed signatories: Department of Education Division of Library Programs, National Conference of SHPOs, ACHP

Date ratified: N/A

Abstract: Would allow State librarians and SHPOs to consult about library construction projects and work out agreements, with the Department of Education becoming involved only in conflict situations.

Interior,
Bureau of Land
Management

ALL BLM ACTIVITIES IN ARIZONA

Proposed signatories: DOI Bureau of Land Management, Arizona SHPO, ACHP

Date ratified: N/A

Abstract: Would establish a comprehensive system for consultation between BLM and the SHPO on all BLM activities in Arizona not covered by other PMOAs.

Interior,
Bureau of Land
Management

LAND EXCHANGES WITH ARIZONA STATE LAND BOARD

Proposed signatories: DOI Bureau of Land Management, Arizona SHPO, ACHP

Date ratified: N/A

Abstract: Would establish a system for land exchanges providing for the preferential selection of lands unlikely to contain historic properties. Would provide for the establishment of an agreement between the SHPO and the Arizona Land Board to ensure identification and consideration of historic properties in planning.

Interior,
Bureau of Land
Management

OTHER LAND TRANSACTIONS IN ARIZONA

Proposed signatories: DOI Bureau of Land Management, Arizona SHPO, ACHP

Date ratified: N/A

Abstract: Would establish a comprehensive program for the identification of historic properties in advance of land transactions and for the development of treatment plans; would establish a general policy favoring preservation.

Interstate
Commerce Commission

CERTIFYING ABANDONMENT OF RAIL LINES AND DISCONTINUANCE OF RAIL SERVICE BY COMMON CARRIERS

Proposed signatories: Interstate Commerce Commission, National Conference of SHPOs, ACHP

Date ratified: N/A

Abstract: Would provide for identification of effects and cooperation with potential users of historic facilities to be abandoned.

Transportation,
Coast Guard

LIGHTHOUSE AUTOMATION AND MODERNIZATION PROGRAM (LAMP)

Proposed signatories: DOT Coast Guard, National Conference of SHPOs, ACHP

Date ratified: N/A

Abstract: Would provide for leasing of historic lighthouse structures upon their automation.

Issued August 1, 1984

Agencies/Programs/Projects for which PMOAs would be Appropriate
(Note: This list is not inclusive)

Part 1: PMOAs under discussion or in early phases of development

Federal Energy Regulatory Commission: All regulated hydroelectric projects.

Interstate Commerce Commission: Abandonment of railroad stations

Department of Education: Library renovation grants

Office of Surface Mining: Abandoned mine lands reclamation

Office of Surface Mining: Surface mining regulation in Tennessee

Department of Defense: Replacement of World War II structures

Department of Energy: Site selection for nuclear waste disposal

All agencies: Projects responding to national emergency or major natural disaster (The Council has published notice in the Federal Register inviting agencies to consult on such PMOAs, after the National Park Service published regulations allowing agencies to waive the requirements of Section 110 of the National Historic Preservation Act under such circumstances, provided they reported each such waiver to the Secretary of the Interior).

Part 2: Agencies/Programs for which PMOAs would be appropriate

Department of Defense: Management of military installations

Forest Service: Management of any National Forest (This would be an alternative to the agency-wide PMOA, which has been under review by the Forest Service for many months).

Bureau of Land Management: All management activities in any State

Any City: All Community Development Block Grant funded projects

Environmental Protection Agency: All facility construction grants in any State

Environmental Protection Agency: National Pollutant Discharge Elimination System permits in any State

National Oceanic and Atmospheric Administration: Coastal Zone Management Program

Corps of Engineers: Operation and Maintenance activities at any reservoir

Corps of Engineers: Issuance of permits in any State

Federal Highway Administration: Bridge replacement program in any State

Federal Highway Administration: General program of assistance to any State

Multiple agencies involved in land or resource management in a given area, for example in such major energy producing areas as the San Juan Basin of New Mexico, Arizona, Utah and Colorado, and the Powder River Basin of Wyoming.

Question: On page 25, you have displayed an object class breakdown. Please do a three year comparison of estimated object class breakdowns to actual results.

Answer: The following display shows the remarkable accuracy of our estimates with very few exceptions. First, the 1983 actual obligations were based on the Office of the Secretary of the Interior's accounting records. That was their first year of operations under a new automated system and the results were far from satisfactory. Our own unofficial records indicated an unobligated balance of under $5,000. Second, we are compelled to adjust the Salaries and the Travel accounts to accomodate any needed projects. For example, in 1982 we reprogrammed $20,000 to develop the Council training course for Federal, State, local officials and members of the public; also $10,000 was used to develop a task force report on historic preservation and federalism. In 1983 we saw the need to automate our primitive word processing system. With a minor reprogramming of $76,000 we were able to procure a small central processor and 12 workstations. In 1984 we used $28,000 to acquire 5 personal computers and added telecommunications capability to the system. In summary, our record of spending when compared with our estimates is exceptional.

FISCAL YEAR 1982

Object Class	Estimate	Actual Obligations	Diff
Salaries	$1,059	$1,024	-$35
Pers Benefits	91	85	- 6
Ben Former Pers	--	7	+ 7
Travel	100	91	- 9
Rent	122	116	- 6
Oth rent, comm, util	57	57	--
Printing	30	32	+ 2
Oth Svcs	93	131	+ 38
Supplies	10	18	+ 8
Equipment	5	4	- 1
Total	$1,567	$1,565	- 2

Object Class	Estimate	Actual Obligations	Diff
	FY 1983		
Salaries	994	970	-24
Pers Benefits	88	85	- 3
Ben Former Pers	12	9	- 3
Travel	100	80	-20
Rent	104	111	+ 7
Oth rent, comm, util	60	49	+11
Printing	35	15	-20
Oth Svcs	106	47	-59
Supplies	18	15	- 3
Equipment	5	76	+71
Total	$1,522	$1,457	-65
	FY 1984		
Salaries	1,028	983	-45
Pers Benefits	93	92	- 1
Ben Former Pers	—	—	—
Travel	100	88	-12
Rent	170	166	- 4
Oth Rent, comm, util	55	48	- 7
Printing	20	31	+11
Oth Svcs	72	96	+24
Supplies	18	25	+ 7
Equipment	5	28	+23
Total	$1,561	$1,557	-4

Question: We often hear that the Council's reviews are cost-effective and save the Federal Government thousands of dollars every year by preventing lawsuits. How would you go about substantiating that assertion?

Answer: First, we can compare the typical annual litigation record with reference to Section 106 and with reference to the National Environmental Policy Act (NEPA). This comparison is germane because NEPA in effect requires agencies to "take into account" the effects of their actions on the environment, but does not provide for negotiated solutions to environment/development conflicts; thus it is akin to what Section 106 review would be like if the consultation process embodied in the existing regulations were removed.

According to the 1983 annual report of the Council on Environmental Quality (CEQ), 808 environmental impact statements were prepared in 1982, 157 NEPA lawsuits were filed in court, and 19 injunctions resulted. The ratio of lawsuits to EISs was 1:5, or 20%.

The Council reviews, in depth, an average of 1,000 projects each year, as Table 1 in our budget presentation indicates. If litigation were as frequent under Section 106 as it is under NEPA, we would anticipate about 200 lawsuits in an average year. In fact, our records, which are consistent with records of the Department of Justice, indicate that fewer than 10 lawsuits are filed in an average year alleging violation of Section 106. In 1982, there were 10 lawsuits. In 1983, there were 6 suits filed; in 1984, only 4. The Council simplified its regulations in 1982 by suspending certain sections. It is not known whether this simplification contributed to the decline in the number of suits.

In contrast to the 19 injunctions arising from NEPA litigation noted by CEQ, our records show that in an average year, no more than 2 projects are delayed by injunctions arising from Section 106 litigation. If an agency's compliance with Section 106 is documented by a Memorandum of Agreement or other evidence of Council review and agreement, it is extremely difficult for litigants to obtain an injunction on grounds of violation of Section 106. Plaintiffs are successful in obtaining injunctions, generally speaking, only when agencies have failed to obtain Council review as specified in the regulations.

Based on these data, we can conclude that the Section 106 regulations as presently organized protect the Government from at least 70-80 lawsuits each year, and about 10 injunctions.

Second, in a more theoretical vein, we note that many students of environmental management and public policy criticize environmental review of Federal projects because no process for dispute resolution is built into such review, leaving ligitation as the only, very inefficient, alternative. For example:

"Litigation is an important tool for interpreting and enforcing environmental laws.... However, litigation and other adjudicatory processes are not as effective with it is time for thoughtful exploration of public policy options. The confrontation that is fostered often only exacerbates the divisions between parties at interest, making future relations unnecessarily acrimonious" (W.K. Reilly, Foreword to Settling Things: Six Case Studies in Environmental Mediation. Conservation Foundation/Ford Foundation 1983)

"Our legal system simply cannot handle environmental disputes efficiently. The litigation that results ... is typically characterized by the clash of sophisticated scientific and technical evidence with social and political arguments.... Even the most conscientious (lawyer or judge) cannot hope to grasp more than the broad dimensions of any given case. ....The technical rules for presenting evidence and testimony at a trial...virtually assure...that some information useful for consensus is eliminated from consideration. ...Substantial costs can result from delaying resolution of environmental disputes....Meanwhile, the debate delays the creation and implementation of possible solutions" (L. Susskind and A. Weinstein, "How to resolve environmental disputes out of court", Technology Review, MIT 1982.

"For all parties involved, there is a significant economic and social cost to the resolution of ... environmental disputes through protracted litigation. ...Equally damaging...is the growing acrimony and polarization between those who support environmental caution and those who perceive a fundamental conflict between environmentalist goals and the economic and social needs of our society. ...Unfortunately, the prolonged court resolution of environmental issues exacerbates this conflict" (R. Train & J. Busterud, Foreword to Environmental Mediation: an Effective Alternative? Resolve, 1978.

All the authors cited above, like many others, propose various forms of conflict resolution, typically involving mediation and negotiation, as effective alternatives to litigation. Conflict resolution is precisely the purpose of the consultation process embodied in the Section 106 regulations. If our regulations embody a process that allows us to avoid the costly inefficiencies of environmental litigation, it follows that the process saves the Government money.

Third, we would note that the consultation process often arrives at approaches to historic preservation that are more cost-effective than would have been the case had the agency tried to develop its preservation mechanisms unilaterally, particularly in an atmosphere of controversy over a project perceived to be damaging. Quite often the agency, SHPO, and Council agree on a solution to a preservation/development conflict that is perceived by "pure" preservationists to be less than ideal; where agencies "fight it out" with preservationists unaided by the Council and its process, it is our experience that they often adopt programs to "mitigate project effects" that are unnecessarily expensive -- in essence, throwing money at the problem. The results of "cost-effectiveness review" summarized in Table 2 of our budget presentation are examples of the kinds of direct savings that can result from the consultation process.

SUBCOMMITTEE RECESS

Mr. **Aldrich**. Thanks very much, Senator.

Senator **McClure**. Thank you.

The subcommittee will stand in recess until Tuesday, February 26, at 9 a.m., at which time we will take testimony from congressional witnesses and from the Secretary of the Department of the Interior.

[Whereupon, at 10:50 a.m., Tuesday, February 19, the subcommittee was recessed, to reconvene at 9 a.m., Tuesday, February 26.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1986

TUESDAY, FEBRUARY 26, 1985

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9:10 a.m., in room SD–124, Dirksen Senate Office Building, Hon. James A. McClure (chairman) presiding.

Present: Senators McClure, Andrews, Johnston, Leahy, and Bumpers.

CONGRESSIONAL WITNESSES

STATEMENT OF SENATOR ALAN CRANSTON, U.S. SENATOR FROM CALIFORNIA

PREPARED STATEMENT

Senator McCLURE. The subcommittee will come to order.

This is the time set for the hearing with respect to the budget request of the Department of the Interior. Before turning to the Secretary, we have various Members of the Congress who have asked to appear and to make a statement. The first on our list, and obviously we are happy to have with us, is the distinguished senior Senator from California, Senator Cranston.

Before you begin we will place your statement in the record.

[The statement follows:]

STATEMENT OF SENATOR ALAN CRANSTON

Mr. Chairman, I appreciate the oppportunity to be back before the Senate Appropriations Committee Subcommittee on Interior and Related Agencies to testify in support of continued funding for the Santa Monica Mountains National Recreation Area in California.

I know the Chairman and the members of this Subcommittee are well aware of my deep interest in and commitment to completion of the National Park Service's land acquisition program at the Santa Monica Mountains National Recreation Area. Nonetheless I want to reiterate my strong support for the Santa Monica Mountains NRA and make a personal request for FY 1986 funding.

As you know, to date Congress has appropriated $65 million of the $125 million authorization for the Santa Monica Mountains and the Park Service has acquired a total of 10,804 acres -- 30 percent of the 36,000 acres proposed for fee acquisition by the National Park Service. Since October 1, 1984, the Park Service has purchased some 2700 acres nearly exhausting its FY 1984 carryover and FY 1985 appropriated funds. Today the National Park Service has only $78,000 remaining for the Santa Monica Mountains.

Without additional appropriations, opportunities to purchase many key parcels identified for fee acquisition in the land protection plan for the Santa Monica Mountains will likely be lost to development. To keep the land acquisition program going, the National Park Service could effectively use as much as $38 million in FY 1986.

This figure of $38 million is based on signed offers, negotiations underway, and appraisals in progress or ordered. In the rest of my testimony, I'm detailing the specific need for the $38 million. I'm also attaching a chart which shows the status of these lands.

To begin with, right now the Park Service has $665,000 worth of signed offers (5 tracts involving 123 acres) from willing sellers in the Zuma and Trancas Canyon area which the agency cannot accept because of the lack of funds. As you'll recall, this is the highest priority acquisition area providing the most significant opportunity to protect coastal canyons and their associated habitat values in the Santa Monica Mountains. Additionally, the National Park Service currently is in negotiations for 15 tracts (531 acres), has appraisals in review on 3 tracts (119 acres) and appraisals ordered on 13 tracts (400 acres) in Zuma and Trancas Canyons and on 6 tracts (128 acres) along the Backbone Trail and Leo Carrillo connector. There are also appraisals or negotiations underway on 3 hardship cases (227 acres). Altogether the Park Service will need roughly $7 million for these 45 parcels.

Also the Park Service is moving ahead with three major acquisitions -- the 214 acre Claretville property, the 276 acre Quaker Corporation property, and the 1500 acre Adamson property in Zuma Canyon. These properties represent a total of $25 million.

As I've already mentioned Zuma Canyon is a top Park Service priority and the Adamson parcel represents a significant portion of this 7000 acre total. An appriasal is in process on this property.

The Claretville property along with the adjacent Quaker Corporation land is the single most important visitor use activity site in the Santa Monica Mountains providing a wide variety of outdoor activities including picnicking, hiking and horseback riding trailheads, and outdoor events. Acquisition of these lands would provide protection to the Mulholland Scenic Corridor and has easy access to the Ventura Freeway. The Park Service is in negotiations with the Church Universal and Triumphant, owners of the Claretville property.

The Quaker Corporation parcel is probably the most threatened in the mountains. Los Angeles County has approved plans for a 47 unit development. Construction has not occurred only because the California Coastal Commission has not yet accepted the Local Coastal Plan required under the California Coastal Act. To prevent the loss of this land for the recreation area, the Park Service has ordered an appriasal of the Quaker property.

Additionally, the 600 acre Roberts Ranch in Solstice Canyon -- another top priority acquisition area -- valued at $6 to $7 million is presently available. According to the land protection plan, public ownership of Solstice Canyon will help preserve coastal uplands, protect an undeveloped stream drainage basin, and assist with the development and interpretation of historic sites and recreation areas.

Mr. Chairman, I support a freeze on federal spending at the FY 1985 levels with the exception of cost of living increases for Social Secuirty and veterans disability benefits. This includes freezing appropriations for federal land acquisitions under the Land and Water Conservation Fund, which as you well know were $188 million in FY 1985. However, I feel it is very important that we complete authorized park acquisitions and that consistent with a budget freeze, we appropriate $188 million for the Land and Water Conservation Fund in FY 1986, the same level as FY 1985.

I also urge that we earmark $38 million of that amount for the Santa Monica Mountains National Recreation Area.

SANTA MONICA MOUNTAINS NATIONAL RECREATION AREA
POSSIBLE FY 1986 ACQUISITIONS

45 tracts in Zuma and Trancas Canyons and along the Backbone Trail and Leo Carrillo connector -- total $7 million

15 tracts -- 531 acres (Zuma/Trancas) -- in negotiation
3 tracts -- 119 acres (Zuma/Trancas) -- appraisals in review
13 tracts -- 400 acres (Zuma/Trancas) -- appraisals ordered
6 tracts -- 128 acres (Backbone/Leo) -- appraisals ordered
3 tracts -- 227 acres (Zuma/Trancas) -- hardships

3 major acquisitions -- total $25 million

Claretville -- 214 acres -- in negotiation
Quaker -- 276 acres -- appraisal ordered
Adamson -- 1500 acres -- appraisal in progress

1 tract in Solstice Canyon -- total $6 million

Roberts Ranch -- 600 acres -- Trust for Public Land option

Senator CRANSTON. Thank you very much, Mr. Chairman, and members of the committee. I appreciate very much this opportunity to appear and to testify, and I will be very brief.

I am delighted to be back before the Senate Appropriations Committee Subcommittee on Interior and Related Agencies to testify in support of continued funding for the Santa Monica Mountains National Recreation Area in California.

I know that the chairman and the members of this subcommittee are well aware of my deep interest in and commitment to completion of the National Park Service's Land Acquisition Program at the Santa Monica Mountains National Recreation Area. Nonetheless, I want to reiterate my strong support for the Santa Monica Mountains NRA and make a personal request for fiscal year 1986 funding.

As you know, to date Congress has appropriated $65 million of the $125 million authorization for the Santa Monica Mountains and the Park Service has acquired a total of 10,804 acres, 30 percent of the 36,000 acres proposed for fee acquisition by the National Park Service. Since October 1, 1984, the Park Service has purchased some 2,700 acres, nearly exhausting its fiscal year 1984 carryover and fiscal year 1985 appropriated funds. Today the National Park Service has only $78,000 remaining for the Santa Monica Mountains.

Without additional appropriations opportunities to purchase many key parcels identified for fee acquisition in the land protection plan for the Santa Monica Mountains will likely be lost to development. To keep the Land Acquisition Program going, the National Park Service could effectively use as much as $38 million in fiscal year 1986.

This figure of $38 million is based on signed offers, negotiations underway, and appraisals in progress or ordered.

In the rest of my testimony I will detail the specific need for the $38 million. I am also attaching a chart which shows the status of these lands. Many of those details I will simply ask to appear in the record. I will not read them to you at this time.

I support a freeze on Federal spending, Mr. Chairman, at the fiscal year 1985 levels with the exception of cost of living increases for Social Security and veterans disability benefits. This includes freezing appropriations for Federal land acquisitions under the Land and Water Conservation Fund, which as you well know were $188 million in fiscal year 1985. However, I feel it is very important that we complete authorized park acquisitions and that consistent with a budget freeze we appropriate $188 million for the Land and Water Conservation Fund in fiscal year 1986, the same level as fiscal year 1985.

I also urge that we earmark $38 million of that amount for the Santa Monica Mountains National Recreation Area.

That completes my testimony. I appreciate very much the opportunity to be with you, and I hope you will follow my great advice.

Senator McCLURE. Thank you very much, Senator.

As you indicated, I am very well aware of your interest in this program for acquisition in the Santa Monica Mountains. As you will recall, we have had occasion to discuss that each of the last several years.

Senator CRANSTON. Yes.

Senator MCCLURE. At this time I cannot tell you how either the Land and Water Conservation Fund will come out against the budgetary priorities or whether or not we can, within that amount, earmark that much for one specific set of acquisitions.

I also think you are aware that we have suggested over all of this time two things. One, that the local governments do as much as they can to help us by way of zoning and land use restrictions. We are still, I have to say again, hoping that they will be more affirmative than they have been to ease the burden on the Federal budget in land acquisitions.

The second is to urge that the National Park Service not move toward acquisitions on parcels that are not being threatened with development or are being used in ways that are not inconsistent with the overall development plan.

We have not always had the fullest degree of cooperation either from local government or the Park Service in those two areas.

Senator CRANSTON. I appreciate that advice, and I will see what we can do to see that it is heeded.

Senator MCCLURE. I think if we just go back and look at the record, we both made the same comments before.

Thank you very much.

Senator CRANSTON. I will see if we can get more action.

Thank you a great deal.

STATEMENT OF CONGRESSMAN ANTHONY C. BEILENSON, U.S. REPRESENTATIVE FROM CALIFORNIA

Senator MCCLURE. Congressman Anthony Beilenson.

Congressman, welcome before the committee again. Your submitted statement will be placed in the record at this point.

[The statement follows:]

STATEMENT OF CONGRESSMAN ANTHONY C. BEILENSON

Mr. Chairman, I appreciate the opportunity to testify before your subcommittee in support of funding for the Santa Monica Mountains National Recreation Area [NRA] which is located partially in the congressional district I represent. We appreciate the $8 million appropriated by Congress last year for the park, and we hope that there will be additional funds forthcoming for fiscal year 1986 to continue the Land Acquisition Program there.

Unfortunately, as has been the case each year that President Reagan has been in office except for last year, the administration has recommended no funding at all for land acquisition in the Santa Monicas for fiscal year 1986. The administration's policy toward this park is a shortsighted one because, in the long run, it is going to cost the Government more if land purchases are delayed than if we make steady progress toward its completion.

When Congress authorized $155 million for the Santa Monica Mountains NRA in 1978, it was intended that that amount be appropriated over the following 5 years because of the strong development pressures on much of the desirable land there. However, since the park was authorized, only $65 million has been appropriated for land acquisition there. While that sum has allowed the National Park Service to acquire some key parcels which are now enjoyed by many thousands of people, the progress in establishing the park is far from what should have been made by now.

In fiscal year 1986, some of the more critical areas which the Park Service would like to acquire—and where there are already some signed offers and approved appraisals—include:

—Properties located within Zuma and Trancas Canyons, an area which forms a key link in the park and which represents one of the best remaining opportunities available to protect coastal canyons with their unusual habitats and the diverse forms of life they support.

—A parcel known as Claretville and adjoinging property owned by the Quaker Corp., which together would form perhaps the single most important visitor activity site within the Santa Monicas. This is an area which would be used regularly for hiking, picnicking, and horsebackriding.

—Solstice Canyon, which contains a waterfall and an ecologically important riparian habitat and which provides easy access to the beach from the mountains. Because of its excellent development potential, Solstice Canyon is likely to become a residential development if the Park Service does not acquire it soon.

Properties located in Topanga Canyon such as Hernandez Bowl, which would provide a critically important link at the Backbone Trail corridor.

The above-mentioned properties could be acquired for an appropriation in the range of $28 to $34 million. However, there are other desirable properties which could be purchased if funds above that amount were made available.

The cost of this land is, admittedly, expensive. But as I mentioned earlier, the Federal Government will spend more in the Santa Monicas in the long run if the purchase of land there is delayed than if enough funding is made available in the next few years to complete the Park Service's Land Acquisition Program. Because of tremendous pressures for growth in the Los Angeles area, the cost of land in the Santa Monicas continues to escalate. If we delay purchasing the land, we will end up spending more for it later—and we will get less of it. In the next decade, we will regret not having bought parcels we could have acquired during the 1980's for much less than they will cost at that time.

But even more importantly, land that is not set aside for the park will be developed and, because that land is particularly prone to fires, floods, and mudslides, we are almost certain to be paying exhorbitant amounts in Federal disaster relief for the increasing number of homeowners there who become victims of natural disasters. In the long run, the Federal Government could easily end up paying more in disaster aid—with no public benefit resulti8ng—than if we purchase land there, now, for the park.

Finally, I would like to add one more important point about the Santa Monica Mountains NRA, and that is that this park has the potential to be the most frequently visited unit of the entire National Park System. The Santa Monicas are located in the midst of what will be the United State's most heavily populated metropolitan area by the turn of the century. The mild climate of southern California and the proximity of the park to more than 10 million people who live within an hour's drive invite steady and frequent usage throughout the entire year. In terms of providing outdoor recreational opportunities for the greatest number of people now and in the future, there is probably no better use of National Park Service funds than the continued acquisition of park land in the Santa Monicas.

In closing, I would like to impress upon you the urgency of providing the highest level of funding possible for the Santa Monica Mountains NRA for fiscal year 1986. Without adequate funding, the opportunity to preserve park land in the Santa Monicas for generations to come will be lost forever.

Thank you, again, for the opportunity to testify and for your consideration of this request.

Mr. BEILENSON. Thank you, Mr. Chairman. It is nice to come back and see you, sir, and some of your colleagues every year. We appreciate the help you have been able to give us in the past. We need some more.

If I may just comment on the last couple of points that you made, I couldn't agree more with the chairman with respect to the lack of help from local jurisdictions, quite frankly, and it has not improved a great deal, in my personal opinion. In fact, it is quite clear, and I have been frank about this forever.

If some of the local jurisdictions had taken it upon themselves to purchase these park lands some time ago when they would have been far more affordable, the Federal Government perhaps would never have had to be involved.

But I must say also, Mr. Chairman, with respect to the second point that the chairman made--that is, with respect to the National Park Service—it, in my opinion, has been awfully good in terms of selecting properties for acquisition that it has, in fact, bought. It has only spent money on behalf of properties which otherwise would have been bought for development. The Park Service has not been purchasing land which has not been under threat of development. To that extent I think the chairman's mind should be put at ease.

I, too, along with Senator Cranston, appreciate very much the opportunity to come back to testify in support of some acquisition moneys for the Santa Monicas. We appreciate the $8 million that the Congress appropriated last year. We hope, as does the Senator, that there will be some additional funds forthcoming this year.

Unfortunately, as has been the case each year that President Reagan has been in office except for last year, the administration itself has recommended no funding at all for land acquisition in the Santa Monicas for fiscal year 1986. The administration's policy toward this park, in our opinion, is a shortsighted one because in the long run it is going to cost the Government more if land purchases are delayed than if we continue to make steady progress toward its completion.

When Congress authorized $155 million for the Santa Monica Mountains NRA in 1978 it was specifically intended that that amount be appropriated over the following 5 years because of the strong development pressures on much of the desirable land there. This is, after all, just outside of Los Angeles city where there are these pressures. However, since the park was authorized, only $65 million, as the Senator told you, has been appropriated for land acquisition in the NRA.

While that sum has allowed the National Park Service to acquire some key parcels which are now enjoyed by many thousands of people—about 500,000 a year already—the progress in establishing the park is far from what should have been made by now.

In fiscal year 1986 some of the more critical areas which the Park Service would like to acquire and where there are already some signed offers and approved appraisals, Mr. Chairman, are listed for you on page 2 and on the beginning of page 3. These properties fit within the guidelines for the kinds of properties we should be aiming toward acquiring that were worked out with you, sir, and with your staff a couple of years ago in the appropriations bill. They fit within all of those criteria and, as I said, for many of them there already are some signed offers and approved appraisals.

These above-mentioned properties could be acquired for an appropriation in the range of $28 to $34 million. Our friend Alan Cranston said $38 million, but some of us would be happy with only $28 to $34 million. However, there are other desirable properties which, if there were additional funds, also would be available for purchase.

The cost of the land is admittedly expensive. But as I mentioned earlier, the Federal Government will spend more in the Santa Monicas in the long run if the purchase of land there is delayed than if enough funding is made available in the next few years to complete the Park Service's Land Acquisition Program.

Because of tremendous pressures for growth in the Los Angeles area, the cost of land in the Santa Monicas continues to escalate. If we delay purchasing the land we will end up spending more for it later and we will get less of it. In the next decade we will regret not having bought parcels we could have acquired during the 1980's for much less than they will cost at that time.

But even more important, land that is not set aside for the park will be developed, and because that land is particularly prone to fires, floods, and mudslides, we are almost certain to be paying exhorbitant amounts in Federal disaster relief for the increasing number of homeowners there who become victims of natural disasters. In the long run—and this is incredible, and we talked about it last year and the year before, but it is the case—the Federal Government could easily end up paying more in disaster aid, with no public benefit resulting, than if we purchase land there now for the park.

As the chairman points out, unfortunately there are not adequate restrictions on land development in the area. Local entities allow subdivisions, allow the building of shopping centers, of homes, in areas where they should never be built and then come later to the Federal Government for help for disaster aid. It is crazy, but it is true, sir.

Anyway, that is our pitch. We appreciate, as I said at the outset, Mr. Chairman, your kind indulgence in letting me come by every year and speaking to you about this, and we appreciate whatever help you can possibly give us.

It is true that we are going to continue to push as hard as we can to complete the park, and I believe quite sincerely that we will do so. To the extent that that is true, it is also true that we will save money if we can do it faster rather than slower. If we could have gotten our $155 or $125 million, or something in that area, in those first 5 years as we had anticipated, because we knew of those pressures, the spending could have been over and done with now and we could have spent less money than we eventually are going to have to spend.

Senator McClure. Congressman, if the local governments had been doing what they could have done to support this the land values wouldn't have escalated so rapidly.

Mr. Beilenson. That's the absolute truth. And I would go beyond that, sir, because I was in the State government there for years and was responsible for acquisition by the State of some properties there. If they had done what they should have done 20 or 30 years ago when it wasn't that populated an area, where anyone with any foresight whatsoever could have seen what was coming, the Federal Government would never have needed to have been involved at all. And I am quite frank about that.

Despite our budget problems this year, I believe strongly, sir, it is worth saving this land because of the millions of people who live within an hour's drive of it, and because of the 10 million people from outside California who visit the southern California area each year, who already in large numbers are using this land. It's a good investment, as terribly expensive as it admittedly is.

Senator McCLURE. I understand that and I will not belabor the fact that State and local governments have surpluses and we are borrowing money.

Mr. BEILENSON. I agree with you, sir, about that. Not only with respect to this, but everything else.

Senator McCLURE. I understand that.

Mr. BEILENSON. I second what the President has told the Governors.

Senator McCLURE. There is just one question that I have, a rather specific one, and that is with respect to the Oren Realty property. There have been press reports, which I assume you have seen, criticizing the National Park Service for paying too much money for that property? Do you agree with that criticism?

Mr. BEILENSON. I don't believe they paid too much money, sir. I believe the appraisal was correct. But as I believe the gentleman knows, Mr. Yates on the House side has been concerned about that too and has been looking into it; they are checking into what was done by the trust for public lands and what was done with respect to the appraisals.

I happened to have been out there just this weekend. I flew back overnight so I could be here this morning. I have the greatest faith in the world, may I tell the chairman, in the Park Service personnel who have been there from the beginning—both the original superintendent who left last year to go up to Washington State and the superintendent who is there now. I spoke at length with the new superintendent on Friday evening about it.

He believes strongly, as does virtually everybody else in the area, landowners themselves and the conservation groups who are interested, that it was very worthwhile property, that the land was properly appraised, and even though everybody is aghast at the amount that had to be paid, it was land which needed to be acquired. It gives access to those original acres up in the Cheeseboro Canyon which we acquired 2 or 3 years ago, and we believe that there will be no further purchases anywhere in the Santa Monicas that will approach in price the amount that had to be paid for that particular parcel.

Senator McCLURE. I might note parenthetically that while the need for money is very great, and you know, as almost everyone else knows, that the Santa Monica Mountains are very expensive acquisitions, have been in the past and will continue to be, I suspect, for the balance of whatever purchases are made there. Last year, although we appropriated $181.7 million to the Land and Water Conservation Fund, $47.7 million of that went to California, 26 percent of the total. And there are people in other areas of the country that are somewhat restive as a result of the very large share that has been going to California over a period of years. Not just last year, but over a period of years. They have been very expensive acquisitions, from northern California to southern California.

Mr. BEILENSON. I understand, Mr. Chairman. I understand completely.

Senator McCLURE. That presents a problem for us.

Mr. BEILENSON. I understand that problem and appreciate what the gentleman has been able to do for us in the past.

Senator McCLURE. According to the information that has been presented to us, the trust for public lands had had an option on the Orin Realty property at $7.5 million, and although the appraisal was for $8.4 million, they sold it to the National Park Service for $8 million. Do you feel that the $500,000 margin that the trust for public lands had was excessive?

Mr. BEILENSON. I don't know how to answer that, Mr. Chairman. I really don't. As someone who devotes a large fraction of his congressional life around here to trying to acquire land for the park, I, too, obviously was concerned about the amounts of money that apparently had to be paid for it.

As I said, I went out there and took a look at it myself this weekend and spoke to the people out there and have spent a lot of time on the telephone the last couple of weeks, because a lot of people are concerned about it. But so far as I can tell, it was money that was properly spent and money that was wisely spent and money that needed to be spent.

But it is being looked into by yourself, I believe and hope, and by Mr. Yates and others, and I can only assume that you will find out for yourselves whether or not that was the case.

Senator McCLURE. Thank you very much.

Mr. BEILENSON. It was on our priority list; it was one of the things which did fit within the criteria that was established a couple of years ago; and I, too, wish we didn't have to pay so much for it. As I suggested, the rest of the properties will be elsewhere and closer in and will be less expensive.

Senator McCLURE. Thank you very much.

Mr. BEILENSON. Thank you, sir.

Senator McCLURE. I appreciate your testimony.

Mr. BEILENSON. I appreciate your giving me the time, sir.

Senator McCLURE. Senator Durenberger.

STATEMENT OF SENATOR DAVE DURENBERGER, U.S. SENATOR FROM MINNESOTA

Senator DURENBERGER. Mr. Chairman, let me begin by expressing my continuing admiration and appreciation for you and for your concern about the issues which we in Minnesota who are concerned about our national commitment to preservation and enjoyment of natural resources exhibit continually, not only in this process but in the authorization process as well. All of us in Minnesota are deeply grateful to you for that commitment.

I want to express my appreciation to you, therefore, on behalf of the people of Minnesota, because you are, in effect, the vehicle for such things in Minnesota as the Minnesota Valley National Wildlife Refuge, the Voyageurs National Park, and the Boundary Waters Canoe Area.

I am going to devote my brief comments here this morning to the Minnesota Valley National Wildlife Refuge. A number of the citizens from the State who have been part of the refuge process for more than a dozen years are here in the audience today.

I am grateful to you for the support that you have also given to the State grant program under the Boundary Waters Canoe Area Wilderness Act. I see there is $3 million in the President's budget already to continue that. For that I am grateful.

The Minnesota Valley National Wildlife Refuge is a unique and valuable component of the national system. It is situated in the heart of the Minneapolis-St. Paul metropolitan area. You practically land in it when you land at our international airport on your way to or from Idaho, and some day we would like you to get off the plane and come down and enjoy it.

Senator MCCLURE. I stop and spend money in the terminal.

Senator DURENBERGER. It's a waste of resources. All the most beautiful parts of our city are just out of the terminal and into the refuge.

My background, as you know from my past testimony and here in our conversations, as chairman of the Hennepin County Park Reserve District and chairman and vice chairman of the metropolitan parks and open space board and director of the Metropolitan Park Foundation, intimately involved me in the private, local, and State side of these issues over many, many years.

The wildlife refuge is a buffer, if you will, between four of our largest metropolitan counties, eight suburban communities, yet embodies a new and important concept in Federal, State, and local government relations, the cooperative management of our natural resources.

In addition to the U.S. Fish and Wildlife Service and the Minnesota Department of Natural Resources, there are 17 different units of government involved in this project.

Although the refuge was first authorized in 1976 and we reauthorized it last year, a total of $7.5 million has been appropriated for land acquisition out of an authorization of $24.9 million. With the reauthorization behind us, we are very eager to move forward and complete the comprehensive refuge and recreation and management plan approved in

1984. To do this, I am asking the committee's favorable consideration of my request to include in the Interior appropriation's bill $7.5 million for land acquisition.

I am also asking for $600,000 for the final planning and site preparation for the visitors center, which is located on the Bloomington, MN, side of the refuge. It is contemplated to attract between 500,000 and 750,000 visitors annually, providing a major boost to the tourism industry in the metropolitan area as well as encouraging economic development in adjacent communities.

PREPARED STATEMENT

So much for that. There is a more complete statement which I understand will be made a part of the record.

Senator McClure. It will be made a part of the record in full.

[The statement follows:]

STATEMENT OF SENATOR DAVE DURENBERGER

I am going to be brief this morning as I see you have a full schedule and ask that my full statement be placed in the record.

Minnesota is often associated with eastern states. While it is closer to the Atlantic than Pacific, we are really a western state. We are west of the Mississippi. Originally part of the Louisiana Purchase we were known as the Northwest Territory and eventually became the 32nd state to join the union in 1858.

Historically and culturally we are tied with the west. We had our share of Indian wars. The coming of the railroad did as much for Minnesota as it did for other frontier states in terms of expanding markets and spuring economic development.

The things which brought pioneers west brought them to Minnesota. Fur traders, trappers, timber men, and prairie farmers, those men and women who made America great, found a place in Minnesota.

Mr. Chairman, we really aren't all that different from Idaho. We don't have spectacular mountain ranges or deep, coursing rivers, but we do have many outstanding natural resources of comparable beauty and grace; sparkling glacial lakes, quiet flowing rivers surrounded by fertile farm land and superb waterfowl and wildlife habitat, still forests and wide open plains. One can sing "Home on the Range" in Minnesota and not be out of place.

Finally, Mr. Chairman, we do have a strong federal presence in Minnesota in terms of natural resource management, particularly in northern Minnesota. The Chippewa and Superior National Forests are the largest in the Forest Service's eastern region. The Boundary Waters Canoe Area Wilderness is one of the most popular yet complex wilderness areas in the country. Voyageurs National Park is a young park whose potential is yet to be realized.

The federal government is also involved in the management and protection of our three major water ways; the Mississippi River, the St. Croix River and the Minnesota River. In addition, the Fish and Wildlife Service manages over 440,000 acres of wildlife refuges around the state and an especially important one in the metropolitan area; the Minnesota Valley National Wildlife Refuge.

To a large extent the funding for this federal presence comes under your jurisdiction in the Interior Appropriations bill. And that is why I am here this morning, to bring to your attention several projects which are particularly important to the people of Minnesota: Minnesota Valley National Wildlife Refuge, Voyageurs National Park and the Boundary Waters Canoe Area Wilderness.

Minnesota Valley National Wildlife Refuge (P.L. 94-466 as amended by P.L. 98-327)

First authorized in 1976, Congress last year passed amendments which included a permanent authorization of $24.9 million for land acquisition and $9.8 million for the visitor's center, increased the size of the refuge from 9,500 acres to 12,400 acres, and included a provision which will allow local governments to donate lands which are inside the boundaries of the refuge.

Minnesota Valley is a unique and valuable component of the National Wildlife Refuge System. Situated in the Minneapolis-St. Paul metropolitan area, the Minnesota Valley National Wildlife Refuge offers extraordinary educational and recreational opportunities not usually available to city dwellers while providing a sanctuary for a large number of migratory waterfowl, fish and other wildlife.

Forming a wildlife buffer between four metropolitan counties and eight suburban communities, the Minnesota Valley National Wildlife Refuge embodies a new and important concept in federal, state and local government relations, cooperative management of our natural resources. In addition to the U.S. Fish and Wildlife Service and the Minnesota Department of Natural Resources, there are over 17 different units of government involved in the project.

Following the original authorization in 1976, $6.5 million was appropriated for land acquisition. Since that time, however, funding has been scarce and sporadic. The $1.6 million which had been appropriated for land acquisition in FY81 was rescinded. Further, no funds were appropriated in FY82, 83 or 85. The $1 million which was appropriated for FY84 was held pending Congressional passage of H.R. 1723 which reauthorized the Refuge. That money is currently being expended.

With the authorization behind us, we are very eager to move forward and complete the Comprehensive Refuge and Recreation and Management Plan which was approved in 1984. To do this, I am asking the Committee's favorable consideration of my request to include in the Interior Appropriation's bill $7.5 million for land acquisition.

P.L. 94-466 and P.L. 98-327 also authorizes the construction of a visitor's center. It's location in Bloomington will attract between 500,000 and 750,000 visitors a year, providing a major boost to the tourism industry in the metro area as well as encouraging economic development in adjacent communities. The site of the proposed visitor's center has been the scene of considerable highway improvement work over the past year. That work will soon be completed and the site will have all of the utilities, access road, major landscaping and Interstate Highway Directional signing ready for the visitor center construction.

Everything is ready, Mr. Chairman, for construction to begin. I am requesting that $600,000 for final planning and site preparation be included in the FY86 Interior Appropriations, and for $6 million in FY87 for construction of this facility.

These requests are supported by the Minnesota Congressional delegation, Friends of Minnesota Valley National Wildlife Refuge, and the communities of the greater Minneapolis-St. Paul metropolitan area.

Voyageurs National Park (P.L. 91-966 as amended by P.L. 97-405)

Voyageurs National Park is Minnesota's only national park. It is the only water based park in the United States, with 80,000 acres of its 200,000 acres being water. Lying on the Minnesota-Ontario border, it is an area of spectacular beauty with unique historical significance.

You have been very helpful over the years, Mr. Chairman, in obtaining funds for land acquisition and that aspect of the management plan is almost completed. Out of the $38.314 million authorized under P.L. 91-966, only $3.520 remains to be appropriated.

While it is important to continue the land acquisition program until completed, there are two other program areas which are critical to the future of Voyageurs National Park which I would like to bring to your attention this morning.

The first is the condition of the Kettle Falls Hotel, which is operated under a concession agreement with the Park Service. This hotel is an important resource to Voyageurs National Park and to northern Minnesota. The building is listed on the National Register of Historic Places. For many years it was a gathering place for loggers and more recently for anglers and tourists.

As you will recall, during consideration of the FY84 Interior Appropriations bill, Senator Boschwitz and I participated in a colloquy with you regarding the Hotel in which you agreed with us that the Park Service should make available funds to complete the repairs on this historic facility. I am including a copy of this colloquy for the record.

Although the planning has been completed, resortation has not begun. We are ready to do that this year. The Park Service has determined that a total of $3.1 million dollars is needed to do this and has made it a priority for FY86 and FY87 to provide $1.1 million in FY86 and $.7 million in FY87 out of the visitor's facility fund. This money has already been made available. But an additional $1.3 million is necessary to complete the project as a whole. Without the $1.3 million the project collapses. Therefore, your support and assistance in obtaining a line item of $1.3 million for the hotel would be greatly appreciated.

Second, P.L. 97-405, in addition to increasing acquisition authority and making a number of boundary adjustments, authorized federal assistance to encourage use of Voyageurs National Park and surrounding region. Voyageurs has been designated by the National Park Service as a pilot project for a new tourism and recreation program. A copy of the Park Service's Final Report, "Tourism Opportunity Analysis for Voyageurs National Park," is included with my testimony. As a result of this report, $250,000 was authorized under P.L. 97-405 to develop and implement a tourism plan to promote Voyageurs National Park.

Unlike other national park areas it was the clear intent of Congress for the resorts and businesses adjacent to the park to provide goods and services for park visitors. These businesses have suffered greatly in recent years as a result ot severely depressed economic conditions in northern Minnesota.

If the current trend continues, we are likely to find ourselves in the unfortunate situation of having to establish expensive park concessions to replace private sector facilities. The recent plant closing by Boise Cascade resulting in lay offs of up to 600 persons make development and promotion of the park, which is currently under-utilized, more critical in terms of bringing about economic growth and stablity to the region. A one time appropriation of $250,000 will go a long way toward achieving this goal.

These requests are supported by the Minnesota Congressional delegation and the State of Minnesota through the Citizen's Council on Voyaguers National Park.

Boundary Waters Canoe Area Wilderness (P.L. 95-313)

When Congress passed P.L. 95-495, the Boundary Waters Canoe Area Wilderness Act of 1978, it recognized the federal obligation to provide compensation to the State of Minnesota for the taking of property rights on 69,480 acres of state land which are now included in the Boundary Waters Canoe Area Wilderness. The express purpose of this compensation was to "expedite the intensification of resource management...on...lands in Minnesota, outside the wilderness, to offset, to the extent feasible, the reduction in the programmed allowable timber harvest resulting from reclassification of the Boundary Waters Canoe Area." (P.L.95-495, Sec. 6(c)(1)). The provisions of P.L. 95-495 represent a commitment by the federal government to finance $33 million of the estimated $56 million in forestry related costs of the wilderness withdrawls on non-federal lands in Minnesota.

I am extremely pleased that the Administration has recognized the importance of their commitment to the State of Minnesota under this act and has included $3 million for the State Grant Program for FY86.

The funds appropriated to date have been used effectively by the State of Minnesota. The response of the people and the economy has been excellent. The federal investment has spurred a substantial commitment to intensified forest management at the state and local level. We are now in the sixth year of the eleven year commitment to modify the impact of the federal wilderness action on the people and economy of the region.

The Minnesota Department of Natural Resources has estimated the potential benefit of the $33 million dollar BWCAW expenditure to be $135 million. That is a benefit to cost ratio of 4.1 to 1, which indicates that the program is an efficient means of providing resource outputs. While the program does not generate direct receipts to the Federal treasury, the DNR estimates that $44 million dollars in tax revenues will be received by the federal government as a direct result of the economic activity stimulated by the forestry intensification program.

Simply put, Mr. Chairman, the program has been a success! The State of Minnesota has an efficient forestry intensification program, is carrying out its obligations under P.L. 95-495 and is planning to do so in 1986! Included for the Committee's consideration is a copy of the DNR's 1984 accomplishment report and Revised Work Plan.

Mr. Chairman, I am deeply grateful for the support you and the committee have given to this important program to date, and look forward to your continued support this year.

Finally, Mr. Chairman, the Cooperative Forestry Assistance Program (P L. 95-313) is important to the State of Minnesota and the Minnesota timber community. The President's FY86 budget proposal reduces this program by $28.9 million dollars from FY85 levels. A decline of this magnitude may cause the elimination of private landowner assistance activities in many states, and certainly have adverse consequences for some 120,000 private forestland owners in Minnesota.

I appreciate this opportunity to discuss with you these important projects. Thank you.

Senator DURENBERGER. I thank you, Mr. Chairman.

Voyageurs National Park, about which we speak with great pride each year, and which, if you have lots of time sometime, we would be delighted to have you come before the mosquitos get there, is Minnesota's only national park. Again, you are very familiar with this; you have been very helpful to us over the years in obtaining funds for land acquisition.

The management plan for the park is almost completed.

While it is important to continue the Land Acquisition Program until it is completed, there are two other program areas which I wanted to mention today that are critical to the future of the national park.

First is the condition of the Kettle Falls Hotel. I told somebody yesterday there isn't a place in this hotel that you can set a round object down without having it disappear very quickly as it rolls off to the other side of the hotel. I was in it last August sometime and found it filled with people despite that condition. But it is an historic old hotel and part of the history of the area and desperately in need of the reconditioning contemplated by the Park Service.

You will recall that Senator Boschwitz and I participated in a colloquy with you on the floor last year in which you agreed with us that the Park Service should make available funds to complete the repairs on the facility. The Park Service has determined that a total of $3.1 million is needed to do this and has made it a priority for fiscal year 1986 and fiscal year 1987 to provide $1.1 million in 1986 and $700,000 in 1987 out of their visitors facility fund, which, as you know, isn't much larger than that. The money has already been made available.

That leaves the project as contemplated about $1.3 million short of the total $3.1 million needed to finish the project, though it is one of those crucial elements but for the want of a nail a shoe is lost, and so forth. So we are asking your support and assistance in obtaining that final $1.3 million.

Finally, Mr. Chairman, in keeping with the emphasis on the development and promotion of the park to encourage park use by visitors outside the State of Minnesota, as well as to encourage and stimulate the tourism industry of northern Minnesota, which is our version of what Appalachia used to be before it started recovering, we need very much an appropriation of $250,000 for the tourism project which was authorized under Public Law 94–405.

I think, Mr. Chairman, that covers the presentation I wanted to make. I am grateful to you for this time.

Senator MCCLURE. Thank you very much, Senator.

I am aware of these various problems.

One thing we will look at very carefully on the Kettle Falls Hotel is the cost estimates and whether they are tracking what we had thought they were last year. My recollection was we thought we had enough money last year to do the job. Apparently something has changed since we last discussed it, and I will look into that.

Senator DURENBERGER. Thank you.

Senator MCCLURE. Thank you very much.

Senator Wilson.

STATEMENT OF SENATOR PETE WILSON, U.S. SENATOR FROM CALIFORNIA

PREPARED STATEMENT

Senator WILSON. Thank you very much, Mr. Chairman.

Mr. Chairman, I have a written statement which I will submit for the record, and in the interest of your time I will seek to summarize it.

[The statement follows:]

STATEMENT OF SENATOR PETE WILSON

Mr. Chairman, it is a pleasure to appear before you once again to express my views on Interior appropriations for Fiscal Year 1986. You know as well as anyone how important Interior Appropriations are to California, and I appreciate your willingness to hear me present California's needs today.

First and foremost, I am compelled to seek an extension of the moratorium on Outer Continental Shelf (OCS) oil and gas development. Additions or deletions of OCS tracts from the existing California moratorium area are not justified at this time. While I am well aware of the strong reservations that the Chairman has on the advisability on continuing this moratorium, I must nonetheless press for a continuation for several reasons.

More OCS activity means more oil tankers, and more oil tankers means more oil spills. Sadly, we are constantly reminded that tanker spills constitute the number one cause of oil pollution in our offshore waters and beaches. Only last October did the tanker Puerto Rican break up just outside the Golden Gate Bridge and spill at least 2,400 barrels of oil. Cleanup efforts were well intentioned, but unfortunately not entirely effective. Especially rough seas caused damage to the cleanup vessel "Mr. Clean II" and rendered Coast Guard efforts partially useless in their attempts to skim the spilled oil off the ocean surface. The result is that spilled oil now threatens the Farallon Islands, Point Reyes and has actually washed up on Marin County beaches north of San Francisco.

Oil tankers need not be the method of transporting oil from planned oil rigs. Sea to shore and shore to Texas pipeline transport has long been contemplated in California. Even though this kind of pipeline transport is preferred from both an environmental and economic perspective, construction of proposed pipelines has been delayed for various reasons over the years. Fortunately, some progress has recently been made on this front, but we still have a ways to go.

However, until proposed pipelines become a reality, or until oil tanker transport and spill response mechanisms are sufficiently developed to provide an adequate margin of protection for the California coastline, I must request that the existing moratorium be continued.

Protecting clean water in and off the coast of California is no less important than protecting California's clean air -- or at least not letting its dirty air get dirtier. From San Diego to Santa Barbara, California's coastal communities are in non-attainment on Clean Air Act standards, especially for ozone. It is thought by many that OCS activity contributes to this problem and should therefore be subject to restriction. Scientists that I have conferred with, however, are not certain as to what the exact impact of OCS activity is on onshore air quality.

Because of this uncertainty, EPA, MMS and state agencies have embarked on a joint study program to address this issue. Additionally, industry -- in conjunction with federal and state agencies -- has undertaken an ambitious project to supplement the existing data base on air impacts. This study, known as SCCCAMP, has my full endorsement and is expected to start generating results in 1987.

Until we know more about OCS air pollution and its impact onshore, I think it would be irresponsible to encourage development in frontier areas now under the moratorium. You can imagine the difficult position that I am forced into when trying to explain to an onshore industrialist why he is precluded from expanding his facilities in a non-attainment area when he can look three miles out in the ocean and see a new oil and gas rig under construction. Without better science, it will continue to be difficult to justify what some perceive to be offshore development at the expense of onshore industry. Congress needs to know what impact these oil and gas rigs have on air pollution. When this information is available, we need to investigate on a specific case-by-case basis what efforts are necessary to allow OCS exploration and development to occur without degrading air quality onshore. Until this information is available, further development should be deferred.

As before, I continue to be strongly supported on this issue by coastal communities up and down California. Polls show support for the moratorium and I am not aware of any coastal Congressman who would have any part of the existing moratorium lifted. I would only hope that I can rely on the Committee's support this year.

The other major issue of concern to California is the appropriation from the Land and Water Conservation Fund (LWCF) for federal land acquisitions. Last year in conference on the Continuing Resolution, this Committee agreed to a substantial block of funds for land acquisition in California -- more than $47 million -- and I do not want to miss this opportunity to express my sincere appreciation for your support. The Committee's commitment to urgent land acquisition priorities in California has not gone unnoticed by this Senator.

Turning to appropriations for FY 1986, it is clear from the outset that some painful decisions in many areas will have to be made in order to cut at least $50 billion from the budget deficit. But cut the deficit we must. And to this end, I emphatically support significant deficit reduction -- including the proposal in the President's budget to defer land acquisition for three years.

I am willing that California should do its part in achieving significant deficit reduction. If the Committee decides that it can be achieved only by total forbearance on land acquisitions, I will accept that as the cost of achieving lower interest rates and economic growth. But if the Committee does propose to the Senate to engage in land acquisitions, I urge that California's important, even urgent needs be addressed by the Committee by a fair allocation of the total appropriation for acquisitions. To that end, I submit the following suggestions on land acquisition priorities in California.

Santa Monica Mountains National Recreation Area:

At least $8,000,000

While it is no doubt the case that money in excess of $8 million could be put to good use in the Santa Monica Mountains, I suggest this figure as a starting point in the spirit of freezing appropriations at FY 1985 levels. This appropriation would compliment Governor George Deukmejian's request of $6.95 million for state spending at the park. The governor's request would bring state spending in the park to over $30 million, approximately $7 million more than has been appropriated by Congress to date. A congressional appropriation of at least $8 million for FY 1986 would serve to continue this kind of cost-sharing on federal projects that I know this Committee supports and will allow for much needed federal land acquisition.

Channel Islands National Park:

$15,000,000

An appropriation of $15 million matches the amount of money made available for FY 1985. This money is needed to allow the Park Service to make an offer on Santa Rosa Island. The surface appraisal of this property is already completed and the subsurface appraisal is due in April. Preliminary reports indicate that $15 million, in addition to monies previously appropriated by Congress, will be sufficient to buy the property on the basis of appraised value.

If the property owners are unwilling to accept the Park Services's offer sheet that is expected to be tendered before next fall, I would support language eliminating the land acquisition priority of Santa Rosa Island and thereby allow these monies to be used for land acquisition on Santa Cruz Island.

Golden Gate National Recreation Area:

$1,000,000

An appropriation of $1 million would be equal to that appropriated for FY 1985. In these times of budgetary constraints, further land acquisition at GGNRA is justified on the grounds that this park attracts far more visitors than any other National Park Service facility in California. In 1984, GGNRA logged 16.57 million visits -- half of all visits in California's nineteen Park Service facilities. In order to service these demands, further land acquisiton is needed.

Again, I appreciate the opportunity to appear before you today and look forward to working with you on an Interior appropriations for FY 1986.

Senator WILSON. I am grateful for the opportunity to appear before you. I appreciate your courtesy.

To begin with, Mr. Chairman, I know that you have strong reservations about the moratorium that has been extended on a yearly basis with respect to Outer Continental Shelf drilling off the California coast. Nonetheless, I find myself compelled to press for its continuation for reasons that I feel cannot be ignored.

More OCS activity means more oil tankers. We have been reminded recently that tankers mean spills and that, sadly, even with advances in cleanup technique there are instances in which those techniques are unavailable, with sad consequences.

Last October the tanker *Puerto Rican* broke up just outside the Golden Gate Bridge, resulting in a spill of 2,400 barrels of oil. It is oil that now threatens the Farallon Islands, Point Reyes, and it has actually washed up on Marin County beaches.

That points up, I think, again the desirability of pipelines as the desired method of transporting oil from offshore rigs on shore and further on. Sea-to-shore and shore-to-Texas pipeline transport has long been contemplated in California. Yet even though this kind of pipeline transport is preferred from both an environmental and economic perspective, construction of the proposed pipelines has been delayed for various reasons over the years.

Fortunately, there has been some progress recently on this front, but it is by no means resolved, and until the proposed pipelines become a reality the concern of many about oil tanker transport and spill response mechanisms continues to require that the existing moratorium be continued.

A second consideration relating to that moratorium has to do with determination of the onshore impact on California's air of offshore exploration and drilling. From San Diego to Santa Barbara, California's coastal communities are in nonattainment on Clean Air Act standards, especially with respect to ozone. It is thought by many that OCS activity contributes to this problem and that there should, therefore, be a restriction on that activity. Scientists that I have conferred with are not certain as to what the exact impact of OCS activity is on onshore air quality.

Because of this uncertainty, the Environmental Protection Agency, the MMS, and State agencies have embarked on a joint study program to address the issue. In conjunction with industry and the Federal and State agencies, a project called SCCCAMP has been undertaken and it has my full endorsement. It is expected to start generating results in 1987 so that we will have reliable data with respect to the air pollution effects of OCS activity.

I think you can understand the difficulty that I have in trying to explain to onshore industrialists who are precluded from expansion of their facilities in a nonattainment area why they cannot go forward when, in fact, there may be, and they are well aware that there may be, a considerable ozone impact from such OCS activity.

I would simply remind the chairman that we are not talking about an indefinite ban; we are talking about approaching the methodology that is required to minimize the harmful impacts on California's coastal communities.

The other major issue of concern to California is the appropriation from the Land and Water Conservation Fund for Federal land acquisitions. The Senators from California are well aware that in the past the committee has been more than responsive. Last year more than $47 million were appropriated. We wish—and I know I speak for Senator Cranston—to express our gratitude. The committee's commitment to urgent land acquisition priorities in California has not gone unnoticed. We are distinctly grateful.

Turning to appropriations for fiscal year 1986, clearly we are in a year unlike others. We are facing the necessity to achieve somewhat painful reductions in many areas of Federal spending in order to cut at least $50 billion from the deficit. To this end, I emphatically support significant deficit reduction, including the proposal in the President's budget to defer land acquisition for 3 years. I do that notwithstanding the fact that the urgency remains for achieving Federal land acquisitions in California. I am willing that California should do its part in achieving significant deficit reduction.

If the committee decides that only by deferring land acquisition are we going to be able to achieve the kind of deficit reduction that is necessary in order to bring down interest rates and to achieve economic growth, then so be it. However, if the committee proposes to the Senate that we achieve that kind of deficit reduction and still be able to engage in land acquisitions, I urge that California's important, even urgent, needs be addressed by the committee by a fair allocation of the total appropriation for land acquisitions.

To that end, I have submitted suggestions on land acquisition priorities in California. They include the Santa Monica Mountains National Recreation Area and the Channel Islands National Park.

The State, I would add, is proposing to spend $7 million for the Santa Monica Mountains in fiscal year 1986. The Governor's request would bring State spending in the park with this $7 million to over $30 million. The congressional appropriation that we are seeking of $8 million, should the committee decide that it will engage in acquisitions, would serve to continue the kind of cost sharing on Federal projects that I know the committee has supported.

Mr. Chairman, I will be happy to answer any questions that you may have. I think you are aware that we have begun on acquisition in the Channel Islands, as with Santa Monica. We are in mid-career, and it is an awkward time to interrupt the process.

Nonetheless, I will simply repeat, I would accord the highest priority to deficit reduction. If the only way we can achieve the kind of significant reduction that we are required to achieve is through this kind of forebearance, then so be it. California will participate in that forebearance. If, however, the committee is of another mind, we would like to participate in that way as well.

Senator McClure. Thank you very much, Senator. Obviously, no decision as yet has been made with respect to the land and water conservation. I am aware of the several requests that have been made. We still have some backlog of demand that has yet even in California not been satisfied. It is a serious and difficult problem, but I look forward to working with you as you try to help us establish the priorities that ought to be applied at least to the moneys that are available.

I look forward to discussing with you further the question of OCS activity, because that moratorium at some point needs to be terminated. Somehow we have to resolve the question, or the questions, that are involved in deference to a matter of national security.

I think you are aware that perhaps one of the most difficult things we have dealing with today is not just the budget deficit of $200 billion a year, but the trade deficit that approaches the same amount. We are going to have to stop relying upon the imported oil. That means we are going to have to look at some of our own.

While total quantities of imports are down, the volumes are down from where they were, the percentage of reliance upon outside sources of oil is almost exactly what it was before the Middle Eastern war and the Arab embargo in 1973 and 1974. We are about back where we started in terms of percentages. And we don't have a Prudhoe Bay to fall back on. Drilling activity in the contiguous 48 States is down dramatically. Somehow we have to address a matter of national urgency that deals with the question of our independence from foreign supply.

Senator Wilson. Mr. Chairman, I will be happy to work with you as in the past. I think that the coastal States know full well that they cannot declare themselves Camelot.

Senator McClure. Not even southern California.

Senator Wilson. Not even northern and central. But what I do think they are entitled to have is the best possible effort to avoid spills and also the kind of technology that will allow areas which are in nonattainment to hope that they may come into attainment and go forward on the economic growth that is required for California's burgeoning population.

Senator McClure. I understand that dilemma, and I look forward to working with you. Thank you very much for you testimony.

Senator Wilson. Thank you, sir.

LETTER FROM CLAUDINE SCHNEIDER, U.S. REPRESENTATIVE FROM RHODE ISLAND

Senator McClure. Subsequent to the hearing we have received a letter from Congresswoman Claudine Schneider which we will insert in the record at this point.

[The information follows:]

Letter From Representative Claudine Schneider

April 15, 1985

Mr. Chairman and Members of the Subcommittee:

As you mark up the FY86 Interior Appropriations bill, I would like to request that you include the "least-cost energy planning initiative" recently included in the Science and Technology's three-year mark-up of the Department of Energy's budget. The Committee authorized $1.5 million for FY86, continuing through 1988 for a total commitment of $4 million.

I am including, at the end of this letter, the Committee's language which more fully describes the program's goals. This analytic planning effort and technology transfer mechanism was proposed by the National Association of Regulatory Utility Commissioners (NARUC) during testimony provided to the Science and Technology Subcommittee on Energy, Development and Applications. NARUC, a quasi-governmental agency representing regulatory commissioners nationwide, based these recommendations on the "least-cost" resolutions unanimously passed at their last annual convention.

NARUC noted a perplexing uncertainty that utilities and utility commissions now face. Scientific and technological breakthroughs over the past decade have provided an enormous pool of inexpensive measures to improve efficiency. This presents a phenomenal opportunity for returning the utility sector to its status as a declining-cost industry.

The goal of the least-cost planning process is to ensure that utilities are cognizant of the full range of investment opportunities available to them in considering how to meet America's growing appetite for energy services --services which now include investments in efficiency improvements.

The least-cost planning process does not prejudge one technology over another. Rather, it simply identifies the market's full range of commercially available ways of meeting growing demand--be that coal, nuclear, gas, oil, renewables, synthetics or efficiency.

Such an approach is also fully in concert with the President's recently released report on industrial competitiveness, *Global Competition: The New Reality*. That report noted that "Our Nation's economic leadership--both at home and abroad--faces strong challenges from international competitors. We have failed to respond adequately. Our ability to compete in world markets has been gradually eroding." This planning process will help to ensure that America will take the lead in exploiting the scientific and technological breakthroughs that have generated commercially useful efficiency measures, rather than have the market captured by foreign competition.

Thank you for your kind attention and strong support on this important matter.

Sincerely,

Claudine Schneider

Claudine Schneider
Member of Congress

DEPARTMENT OF ENERGY CIVILIAN RESEARCH & DEVELOPMENT AUTHORIZATION ACT FOR FISCAL YEARS 1986 - 1988

The Committee recommends an increase of $500,000 for Analysis and Technology Transfer for a total authorization of $3,900,000, including $1,500,000 for a least cost energy planning initiative.

During the FY 1986 DOE Committee authorization hearings the Committee heard testimony indicating that it was highly desirable to support technology transfer of research and analytic tools for the utilization of least-cost energy and power analyses by utilities and state utility commissions in guiding the development of an effective national energy R&D policy.

Such technology transfer support is in concert with the Department of Energy's Priorities 23 and 28 identified in DOE's Energy Conservation Multi-Year Plan FY 1986 - FY 1990: "Utility Application of Conservation and Load Management Technologies," which would "Encourage voluntary use and promulgation of conservation technologies by utilities in disseminating information about successful projects of some utilities to all utilities"; and, "Needs Assessment Information, Development, Outreach, and Evaluation/Feedback," which would "Transfer new technologies, methods, and data development in the Building Systems R&D Program to private and public sector users; and strengthen the involvement of end-users in the definition of research needs, research design and technology development."

This testimony by the National Association of Regulatory Utility Commissioners (NARUC) specifically indicated that, "NARUC believes that it can help satisfy this country's future demand for electricity in the most efficient way possible. Utility companies are not currently choosing the wisest investments for satisfying the nation's increasing appetite for electricity. There should be an inclusion of funds in a line-item in the U.S. Department of Energy's appropriation for development of appropriate data and analytical tools which would assist NARUC to see that they do."

The Committee understands that this approach has been lacking in the past and that this problem needs to be resolved. Such a strategy will help facilitate various technology transfer problems that have arisen in the past with respect to lack of adequate analytical planning tools for utilities to voluntarily assess which energy efficiency technologies can play a useful role in meeting future demand, and for utility commissions to verify this planning process.

In light of this testimony the Committee believes that it would be appropriate to earmark $1 million and add $0.5 million within the Analyses and Technology Transfer subprogram to initiate a three-year, $4 million program undertaken by Lawrence Berkeley National Laboratory's Energy Efficient Buildings Group in conjunction with the National Association of Regulatory Utility Commissioners. The program would include the following elements:

1) Technology Cost Curves database - would consist of an inventory of available efficiency measures, methods, and technologies capable of cost-effectively and reliably supplying or saving energy or power, primarily in the residential and commercial sectors. The database would include foreign technology transfer opportunities as well, providing a "forecast" of competition likely to enter the domestic market from abroad and cutting into foreign markets for domestic exporters. Graphically illustrated summaries of the technology cost curves would indicate how much energy/power supply each efficiency measure could provide, at what "delivered" price, to a given utility company.

The detailed data would be available for technology transfer and analytic purposes to each utility for use in developing company-specific least-cost resource plans.

2) Stocks and Flows database - comprised of an inventory of end-use, energy-consuming and electricity-consuming devices found in utility service districts. The database would also include the amounts of energy consumed,

and the frequency and duration of use (in order to look at ways of cost-effectively saving peak loads, spinning reserves, as well as baseloads). The database will include both existing and new stocks. The database would consist of roughly a dozen utility service districts across the nation, providing generic information for technology transfer and analysis for other utility service districts to design specific integrated resource assessment models.

3) Monitoring, Analysis and Quality Control database - This database would verify the reliability of various new energy conservation R&D technologies and would enable confirmation of previous R&D program goals and milestones.

4) Policies and information database - This database would provide for analysis of the relationship between energy conservation technologies and their impact on state commission orders, regulations, new rate treatments, innovative incentives and rebate programs, laws, and various other technology transfer and analytical considerations.

5) Methodology handbook - This program activity would involve the preparation and dissemination of methodology handbooks for providing analyses of the above databases and general technology transfer activities to promote the utilization of new analytic planning tools.

DEPARTMENT OF THE INTERIOR

SECRETARY OF THE INTERIOR

STATEMENT OF DONALD PAUL HODEL, SECRETARY OF THE INTERIOR

ACCOMPANIED BY:

DICK HITE, PRINCIPAL DEPUTY ASSISTANT SECRETARY FOR POLICY, BUDGET, AND ADMINISTRATION
JOE GORRELL, DEPUTY ASSISTANT SECRETARY FOR POLICY, BUDGET, AND ADMINISTRATION
TONY ITTEILAG, DIRECTOR OF BUDGET

INTRODUCTION OF ASSOCIATES

Senator McCLURE. Mr. Secretary, if you will introduce any of those who are with you that you would like to introduce for the record who you might be calling upon for comments or testimony this morning. Following which we will invite you to summarize your testimony or make whatever statement you wish before we proceed to questions.

Secretary HODEL. Mr. Chairman, I have with me today quite a number of staff, which is reflective of my feelings of unfamiliarity with the details of this budget. I should perhaps name initially, because it is likely that I will need their assistance, Dick Hite, who is the Principal Deputy Assistant Secretary for Policy, Budget and Administration; Joe Gorrell, the Deputy Assistant Secretary for Policy, Budget, and Administration; and Tony Itteilag, who is the Budget Director for the Department.

There are also some others here who, depending on the line of questioning, I may request permission to introduce at that time and turn to them for help.

PREPARED STATEMENT

You have my prepared statement, Mr. Chairman, which is lengthy.

Senator McCLURE. It will be made a part of the record in full at this point.

[The statement follows:]

STATEMENT OF DONALD PAUL HODEL

I am pleased to appear before you today, as the Secretary of the Interior, in support of the President's FY 1986 Budget for the Department. During my tenure as the Secretary of Energy and as Under Secretary of the Interior, I sought to establish a good working relationship with this Subcommittee. Now, at the beginning of President Reagan's second term, I have been given the privilege of serving as Secretary of the Interior and of having the opportunity to work with you to resolve the critical resource issues confronting this Nation.

I have the good fortune of having some familiarity with the Department of the Interior. Having spent 21 months as Under Secretary, and having served for six years as Administrator of the Bonneville Power Administration, I recognize many of the current issue categories. However, I have to learn -- and in some cases relearn -- specifics. In that process, I look forward to working with the knowledgeable, dedicated professionals at the Department.

I believe the Nation is best served when we have a clear consensus on broad policies that govern the everyday actions of the Executive branch. The Nation is not well served by emotional confrontation or impasse on basic policy.

My goal at the Department is to build a national consensus on the broad policy issues which face the Department. I intend to do this by effectively communicating the Administration's priorities; consulting early and frequently with the Congress, State and local governments, and other interested parties; and striving to reach a consensus on the President's broad policy objectives:

- conserving the Nation's national park, wilderness and wildlife resources;
- enhancing America's ability to meet our energy and mineral needs with domestic resources;
- increasing the supply of quality water resources;
- improving the Federal Government's relationship with State and local governments; and
- developing the economic and social resources of American Indians, Alaska Natives, and the people of the U.S. Territories.

Certainly I recognize there will be conflicts and controversies surrounding individual actions and peripheral issues -- that is the nature of the issues facing this Department. But, at the same time, I want to work closely with you in establishing the broad national resource policies that reflect the values, needs, and wishes of the American people.

The 1986 budget reflects not only the Administration's objectives, but also the overriding financial realities we face as a Nation -- a budget deficit which totals $180 billion. This deficit requires making, and through this budget we have made, difficult policy choices. Those choices have meant reducing or eliminating many programs which have produced tangible benefits and which, evaluated on their own merits in a different budget context, would be funded. The details of the budget have to be considered, however, not in isolation but, rather, in the context of the financial realities with which we must grapple. If there is consensus on one broad national policy, it is the need to reduce the deficit.

It is with this consensus regarding deficit reduction in mind that I have reviewed the Interior Department's budget and programs for FY 1986. This budget, $5.6 billion in budget authority and $6.2 billion in outlays, will allow us to exercise our stewardship responsibilities. The reductions of 15 percent in budget authority and 10 percent in outlays from the FY 1985 levels will require us to be more efficient and innovative in order to do all that we would agree is desirable. These reductions will require us to recognize more fully the appropriate role and responsibility of State and local governments and to cooperate more effectively with the private sector.

For programs under the jurisdiction of this Subcommittee, we are requesting $3.6 billion, a reduction of $728 million from the 1985 enacted appropriations of $4.3 billion. In addition, we are asking that you rescind $66.6 million of 1985 appropriations and approve 1985 supplemental appropriations of $7.6 million and transfers amounting to $46.2 million in 1985 and $4.9 million in 1986.

The major elements accounting for a reduced Interior budget are as follows:

Land Acquisition

It is our policy to continue acquisition of lands for park, refuge and wilderness purposes. The budget request we have before you will permit us to continue the most important acquisitions. We are proposing to defer other acquisitions for a three-year period. This three-year moratorium will save $148 million in 1986 in the Bureau of Land Management, Fish and Wildlife Service, and the National Park Service.

We believe this deferral will not impair the primary missions of the Department or affect ongoing operating programs. First, we are requesting $13 million for deficiencies, emergencies, and administrative costs.

Second, the Department will continue to emphasize the acquisition of lands through means other than Federal appropriations, for example, through donations and exchanges for parklands, wetlands, wildlife refuges and other recreation lands. During the past four years, over 10,000 acres of park lands have been acquired in this manner. In addition, nearly 1.1 million acres of refuge lands have been donated or acquired through exchange including 972,000 acres donated by Alaska for the Arctic National Wildlife Refuge.

Third, self-financing mechanisms, such as the Federal Duck Stamp Program, will continue to generate revenues to acquire lands for the National Wildlife Refuge System.

From 1981 through 1984, $517 million was obligated to acquire approximately 64,000 acres of park land, 242,000 acres of wetlands and other refuge lands, including 170,000 acres purchased through the Migratory Bird Conservation Account, and 16,000 acres of other recreational lands. Further funding for land acquisition amounting to $177 million is available with 1985 appropriations and Duck Stamp receipts, for a total investment of nearly $700 million through 1985.

Water Programs

Providing an adequate supply of clean water is an important resource challenge facing all levels of government, local, State and Federal, in the coming decades. Although current supplies are adequate in most regions, conflicting demands for water are approaching the limits of what current development can supply at low cost. In some cases, groundwater supplies are being depleted or threatened by contamination. Water delivery and treatment systems in certain areas of the country are deteriorating. In other areas, more storage and delivery systems are needed.

This Administration, recognizing the primacy of State water law, has made a good start in addressing pressing water resource issues. We are now prepared, within existing resources and in close cooperation with the States, to develop a water management strategy in the national interest. This strategy must look at the issues of water quantity, quality, and cost, together, not as separate concerns.

It is imperative that we as a Nation revitalize the magnificent water development programs launched earlier in our history. The Federal-State partnership in water development has succeeded even beyond the dreams of those who developed the concept decades ago. This partnership has helped create abundant year-round water, electric and food supplies; reduced flooding; and provided vast new opportunities for water-related recreation.

I am committed to working with the Congress, the States, local entities, and the private sector to move forward in developing much needed, environmentally sound, and economically prudent water resource projects. We will continue to seek new partnership arrangements with States and other non-Federal interests in the financing and cost sharing of new projects, taking into account prior commitments.

An important contributor to our water program goals is the budget of the Bureau of Reclamation, which reflects outlays of about $1 billion in FY 1986. Within this total, construction outlays are projected at $700 million, the same level as 1985. Our budget authority request for this purpose is $532 million, a $205 million reduction below the 1985 estimate. This level of funding will contribute to our deficit reduction efforts, but at the same time maintain a viable reclamation program which has been of such vital importance in the development of the West.

Although the budget for the Bureau of Reclamation does not fall under the jurisdiction of this Subcommittee, I will quickly mention its major features in order to provide a comprehensive view of our overall budget request.

This budget request provides for continuation of 57 projects already underway in 1985 and for three construction initiatives: the enlargement of Buffalo Bill Dam and Powerplant in Wyoming; construction of power generating facilities at Headgate Rock Dam for the Colorado River Indian Reservation in Arizona; and the construction and uprating of facilities at the Hoover Dam in southern Nevada. Preconstruction activities will be underway on two projects, the Narrows Unit and the Uintah Unit, and work will begin on one rehabilitation and betterment project, the Crooked River Irrigation District, and up to three safety of dams projects.

Construction

The 1986 request for construction programs other than in the Bureau of Reclamation is $125 million, a reduction of $108 million from the 1985 appropriated amount of $133 million. The request provides for essential rehabilitation and repairs, including the correction of dam safety problems on refuges and Indian lands. Continued funding also will be provided for Indian water rights settlements, to provide needed employee housing at remote locations, and to provide essential utility improvements.

The funding reduction supports our deficit reduction goals, and, at the same time, in our view, is less harmful than disrupting ongoing operations. Most of the reduction occurs in two areas: first, in the National Park Service, a $61 million reduction and a 1986 level of $50 million is proposed, second, in the Bureau of Indian Affairs, where a $38 million reduction and a 1986 level of $70 million is proposed.

Further, as with land acquisition, it is important to consider that our FY 1986 construction program is proposed in the context of the slightly more than $1 billion obligated for this purpose in 1981-1984 and the fact that $245 million is available for this purpose in FY 1985. These large investments in prior years exemplified by the PRIP program, give us the opportunity to carry out programs effectively in FY 1986 at reduced levels of new appropriation.

Interchange of Bureau of Land Management and Forest Service Lands

The 1986 budget reflects an Administration proposal to rationalize the management of certain lands administered by the Bureau of Land Management (BLM) and by the Forest Service (FS) of the Department of Agriculture. This proposal is consistent with the Administration's land management policy of establishing contiguous areas of public lands sufficient in size to achieve economies of scale, eliminate public confusion over management responsibility and facilitate public use. Currently, lands managed by these organizations are intermingled, necessary economies are not achieved, services are duplicated, and confusion regarding management policies exists.

The Administration's proposal -- which involves exchange of some 30-35 million acres of BLM and FS lands -- will require Congressional action. We are developing the plan for implementing this exchange in an open consultative fashion with Congress and all affected interests. I want to assure the Committee that no action will be taken without full public participation and consultation with the Congress.

Although this initiative will not produce immediate savings in 1986, it is expected to produce savings of $25-$30 million a year in the future. The budget proposes the Oregon and California Grant Lands be transferred to the Forest Service starting in 1986, resulting in a decrease of $54 million. This change will require legislative action.

Grants and Shared Receipts for State and Local Governments

The proposed 1986 budget includes $1.2 billion for grants and direct payments to States, territories, and local governmental units, a reduction of $334 million below the current 1985 estimate. This level reflects an appropriate balance between State and Federal roles and responsibilities, and changing financial circumstances.

- o Funding requested for the Trust Territory of the Pacific Islands decreases by $85 million to $14 million because the budget assumes that the Congress will pass the Compact of Free Association affecting the Republic of the Marshalls and the Federated States of Micronesia by the beginning of FY 1986. Funds to support the Compact are included in the budget of the Department of State.

- o No funding is requested for State recreation grants from the Land and Water Conservation Fund. The savings will be $72 million. The large Federal deficit does not allow us to fund this program in 1986.

- o Abandoned mine reclamation grants are reduced by $44 million, as compared to the current FY 1985 estimate of $255 million, to $211 million. Because recent appropriation levels have significantly exceeded receipts, a reduction is proposed to better align financing and assure support to the States throughout the life of this program. Moreover, the States have not yet used a large portion of funds made available to them in prior years. At the end of FY 1984, nearly $372 million was not obligated at the State level, and an additional $258 million was appropriated for State grants in FY 1985.

- o As part of the BLM/Forest Service interchange, payments to counties of shared receipts from the Oregon and California grant lands and other public lands in Western Oregon will appear in the Forest Service budget, reducing the Department's payments by $73 million. Again, no action will be taken on the proposal without communication and consultation with the Congress and interested parties.

- o The budget includes a proposal that, beginning in 1986, the Federal government's costs of managing and administering mineral leasing programs be deducted from royalty revenues and that the States' shares (generally 50 percent) be computed based on the resulting net amount. At present, State shares are computed based on gross revenues, after the deduction of windfall profit taxes.

  Under this proposal, the States, as direct beneficiaries of a portion of the mineral leasing receipts, are being asked to share equitably in the costs of producing and collecting these receipts. Without such cost sharing, the States are, in effect, receiving more than their "fair-share" of these revenues. Savings to the Federal government in 1986 from this proposal result in a reduction of $54 million in the Payments to States under the Mineral Leasing Act account. This reduction amounts to slightly more than ten percent in the funding that States would otherwise receive. Total receipts for mineral leasing are estimated at slightly over $1.0 billion in FY 1986, and Federal costs are approximately ten percent of that amount.

o The Department will continue to provide compensation to local governments for costs resulting from Federal lands within their jurisdictions. Funding for Payments in Lieu of Taxes is proposed to increase by $2.1 million in 1986 to $105 million. Payments to counties from the National Wildlife Refuge Fund will amount to $9.9 million in 1986. The payment is comprised of receipts from revenue-generating activities on refuges and from appropriated funds. The appropriated amount ($5.6 million) remains at the 1985 level, while available receipts in 1986 ($4.3 million) are slightly less than in 1985.

Reductions in Costs of Administration and Personnel Compensation

The Department's request reflects a ten percent reduction in headquarters and administrative expenditures consistent with the President's overall budget policy. The reduction is designed to promote efficiencies and result in savings which do not have a negative impact on program operations. The reduction applies to all but two bureaus, the Office of Surface Mining (OSM) and the Bureau of Indian Affairs (BIA). No reduction is proposed for OSM because of a growing programmatic workload over the past several years. For BIA, a five percent rather than a ten percent reduction is proposed because since 1981 significant administrative savings have been realized at Area and Central Offices. Department-wide, the ten percent reduction amounts to nearly $44 million in savings. In addition, the proposed five percent reduction in Federal pay will realize an additional $71 million in savings in FY 1986.

The ten percent reduction in headquarters and administrative expenditures continues the direction of the Department in management improvements begun during recent years. The reduction is designed to promote efficiencies and result in savings which do not have a negative effect on program operations.

Other program changes in the 1986 budget request include the following:

Sport Fish Restoration (Dingell-Johnson)

The 1986 budget includes an increase of $6 million, or more than 15 percent, above the 1985 level of $38 million for a total of $44 million for sport fish restoration program grants to States and would make amounts available to States through annual rather than permanent appropriations. The FY 1986 budget, however, would not disburse the additional $77 million from import duties on pleasure boats and motor boat fuel taxes. These funds will be placed in the Aquatic Resources Trust Fund.

We recognize the potential value of disbursing the full amount of funds called for by the Wallop-Breaux amendments to the Deficit Reduction Act and, in fact, we earlier supported these amendments. The Federal deficit, however, does not permit us to advocate an increase of this magnitude at this time. Nonetheless, because of the importance of this program, we are proposing the $6 million increase.

National Park Restoration and Improvement

As the result of information developed in part by the General Accounting Office, we became aware of significant health and safety problems in the National Park System. Accordingly, working with the Congress, the Department invested over $1 billion from FY 1982 through 1985 under the Park Restoration and Improvement Program (PRIP) to repair visitor use facilities and strengthen the maintenance and resource management programs of the National Park Service. Virtually every park will have been affected significantly by PRIP.

With the completion of this very large investment, the 1986 budget for maintenance, repair and rehabilitation, cultural resource preservation, and construction programs is being funded at a level which will provide for essential maintenance and improvement projects and should prevent the development of maintenance and repair backlogs which occurred in the past. The Park Service is developing a maintenance management system that will identify and sequence maintenance and rehabilitation activities to avoid the necessity for a PRIP-type program in the future.

Recreation User Fees

The Administration is proposing a government-wide initiative to adjust recreation user fees in order to reflect better the Federal cost of providing recreation opportunities to the public. The objective of this initiative is to partially offset costs and increase receipts by about $39 million to a level of about $62 million in FY 1986. At present, National Park Service entrance fees are frozen at 1979 levels, and the number of units where fees can be charged is sharply limited. Without this initiative, approximately $23 million would otherwise be collected in FY 1986.

To implement this initiative, we will propose legislation and appropriation language to amend existing prohibitions on establishing or increasing recreation fees. These proposals will allow for the resulting revenues to be retained by the collecting bureau for appropriation in future fiscal years to offset the costs of operation and maintenance of Federal recreation facilities. We will work closely with the Congress and interested private sector organizations to develop this proposal. I am hopeful that effective communication and early and frequent consultation will provide the necessary consensus on this issue.

Grazing Fees

Grazing fees on public rangelands are set annually based on the grazing fee formula contained in the Public Rangelands Improvement Act (PRIA). The PRIA formula was established for a seven-year trial basis that ends in February 1986. This legislation also directs that the Secretaries of the Interior and Agriculture report to the Congress on their evaluation of the PRIA formula and other grazing fee options. A draft of this report is scheduled to be released for public comment in the near future.

For budget estimating purposes only, the 1986 budget projects a total increase of $11 million in BLM grazing receipts. The Administration's specific findings regarding future grazing fees will be made available to the Congress in a report to be submitted later this year.

Outer Continental Shelf Program

In addition to generating substantial revenues, continued exploration and development of the energy resources of the Outer Continental Shelf (OCS) can contribute to the Nation's objective of reducing our dependence on foreign energy sources. I will do all I can to see that the Department resolves conflicts early in the OCS leasing process and avoids needless controversy while carrying out our mandate under the OCS Lands Act. I am committed to continuing negotiations with the appropriate Congressional, State, and local officials so that blanket OCS moratoria no longer are necessary.

While I understand the reasons for previous legislative moratoria on certain OCS lease areas, these actions impede achieving the mandate Congress gave the Interior Secretary under the 1978 OCS Act Amendments. The Congress stated in the FY 1985 Appropriations Conference Report that such moratoria would no longer be imposed if the Department's consultation with the States and localities gives proper consideration to all resource values and Defense needs, and results in protection of environmentally sensitive areas. Let me assure you the Department will communicate clearly and consult and cooperate with all affected parties to achieve these ends.

Receipts

Because of the revenues generated by our mineral leasing programs, particularly our offshore programs, the Department's total receipts have traditionally outpaced the size of the budget, and FY 1986 is no exception. These receipts are estimated to be $10.4 billion in 1986, a $2.9 billion increase over the current estimate for 1985. This anticipated increase results principally from an assumption that there will be a resolution of disputes over the sharing of oil and gas revenues from Section 7 and 8g tracts with non-litigating States, and that this resolution will result in the anticipated release in 1986 of funds now held in escrow.

Of the $10.4 billion in total receipts, about $8.3 billion is related to the OCS program, including nearly $1 billion in interest related to the escrow payments cited above. Another $1.2 billion is related to onshore leasing of oil, gas, coal, and other minerals. The remaining $.9 billion results largely from such items as timber, grazing, recreation, and mined land reclamation fees.

Staffing Levels

The 1986 President's Budget includes a full-time equivalent (FTE) staffing level of 70,748 -- a reduction of 2,496 FTEs from the 1985 level. A major portion of the reduction (1,123) is related to the interchange between the Bureau of Land Management and the Forest Service (which will receive additional FTEs to accomplish its expanded responsibilities). Of the reduction, 908 FTEs result from Department-wide management improvement initiatives.

FY 1985 Rescissions, Supplementals, and Transfers

We are proposing several actions affecting FY 1985 appropriation levels, as follows:

- Rescission of $66.6 million including $33.7 million in response to the Congressional requirements of Section 2901 of the Deficit Reduction Act of 1984 (P.L. 98-369). These reductions affect travel, motor vehicles, public affairs, consultant services, printing and audiovisual activities. We are also requesting rescission of $2.9 million within the Abandoned Mine Reclamation Fund. These funds were intended as a reclamation grant for Tennessee, but only States with approved regulatory programs are eligible for such grants. Finally, the budget requests permanent rescission of $30 million in contract authority available to the National Park Service for the Land and Water Conservation Fund for acquiring land in advance of appropriations.

- Supplemental appropriations requests of $7.6 million, including $4.8 million for the Office of Surface Mining to carry out regulatory responsibilities in Tennessee and an enhanced program of civil penalties and alternative measures to enforce the Surface Mining Control and Reclamation Act; $2.0 million for an inflation adjustment for certain grants to the Northern Mariana Islands; and $0.8 million for payment of interest to States as the result of late payment of mineral leasing revenues.

- Transfers of $25.1 million to reimburse a portion of the costs incurred in 1984 for fire fighting and related costs.

- Transfers of $18.6 million to cover a portion of the costs of the January 1985 Federal pay raise. The remainder, $40.2 million, is being absorbed within current appropriations.

- A significant amount of the funding proposed for transfer ($38.2 million) is from the Cumberland Gap Tunnel project, which is proposed for cancellation because of its high cost and the large Federal deficit.

- In addition, with the completion of the Park Restoration and Improvement Program one year ahead of the original schedule, none of the $100 million in contract authority from the Highway Trust Fund for National Park Service roads and parkways is being requested for 1986. Accordingly, this contract authority is proposed for rescission in the Federal Highway Administration budget in order to reduce Federal outlays.

I would now like to discuss some of the key highlights of the 1986 budget request for each bureau.

Bureau of Land Management

The Bureau of Land Management (BLM) is responsible for the conservation, management and development of 310 million acres of public lands, including 138 million acres in Alaska. BLM also has responsibility for mineral leasing and supervision of minerals operations on about 370 million additional acres of Federal mineral estate underlying other ownerships.

The 1986 request before this Subcommittee for BLM appropriations is $487 million, a reduction of $89 million from the amount appropriated in 1985.

The total 1986 budget for the Bureau of Land Management, including permanents and trust funds, is $501 million, a decrease of $156 million from the 1985 estimate. This reduction primarily reflects the proposed transfer of the Oregon and California grant lands program to the Forest Service (-$127 million); the completion in 1985 of the acquisition of the private mineral estate in the Cranberry Wilderness area (-$15 million); and the return to the 1984 level of funding for the wild horse and burro program (-$11 million).

Special emphasis is given in BLM's budget to the programmatic priorities of the Department. These include increased responsiveness and professionalism in managing Federal minerals, management of high value recreation areas, establishment of new partnerships and cooperative endeavors in natural resources management, and continued improvements in agency management practices. Funding priority has also been placed on those programs which protect existing public investment in facilities and resource projects, respond to regional and local economic needs, and ensure both visitor and resource protection.

The 1986 request includes additional funds for energy and minerals management for review and classification of known geological structures, additional post-lease work for both fluid and solid minerals, and cooperative inspection agreements with States and Indian tribes. The budget also requests increases for eradication of illegally grown marijuana from the public lands and for improvements in BLM's ability to detect and suppress wildfires in their early stages.

Decreases are proposed in funding for land and realty operations, wild horse and burro removals, forest management, wildlife habitat management, soil, water and air management (except hazardous materials), and cadastral survey programs. These decreases are possible in part because of the Bureau's continuing efforts to encourage private investment and voluntarism and to work with State and local governments and private users to share in the funding and administration of various activities of predominantly local interest. For example, we are proposing to recover a greater proportion of costs associated with rights-of-way applications consistent with the benefits afforded the applicants.

The budget includes $105 million for the Payment in Lieu of Taxes (PILT) program for payments to local units of government containing Federal lands, an increase of $2.1 million over 1985. No new funding is requested for land acquisition or construction projects because of the deficit and progress made as a result of past funding. Subject to Congressional approval, it is anticipated that receipts from the use of recreation facilities will increase and that grazing fees will be increased as a result of the study now underway.

At this point, I'd like to mention the need for consensus in implementing an effective Federal coal leasing program, a subject of controversy for over a decade and a half. Coal accounts for more than 85 percent of the recoverable fossil fuel reserves in the United States, and about one-third of those reserves occurs under Federally held land. If coal is to make a proper contribution to the balanced and mixed energy resource base of the Nation, the Secretary of the Interior must help build a national consensus on how to achieve an environmentally sound Federal coal leasing program.

Consistent with this objective, the Department has been consulting extensively with the States, industry, environmental groups and the Congress in a carefully planned effort to implement all but one of the recommendations of the Commission on Fair Market Value for Federal Coal Leasing. In particular, I would like to note that the Regional Coal Teams and the Federal-State Coal Advisory Board have been rechartered, and their respective roles in guiding leasing policy have been strengthened.

Also, a draft environmental impact statement covering the coal leasing program was released for public comment on February 8, 1985. The final statement is scheduled for publication in July, 1985.

For planning purposes, the budget assumes that one regional sale and 20 emergency sales will be held in 1986; however, the actual number of regional sales to be held will depend upon the recommendations of the Regional Coal Teams.

Minerals Management Service

The Minerals Management Service (MMS) has responsibility for leasing and supervising the development of mineral resources on the Outer Continental Shelf (OCS) and for collecting and accounting for royalties and other mineral revenues due from Federal and Indian leases. As one of the largest collectors of revenue for the Federal Government, MMS will collect and account for $6.9 billion in Federal receipts in 1986, including $5.8 billion from OCS bonuses, rentals and royalties and $1.1 billion from onshore mineral leasing. In addition, 1986 receipt estimates assume that $2.5 billion in principal and interest will be released from escrow.

In addition to generating these revenues, continued exploration and development of the energy resources of the Outer Continental Shelf can contribute to the Nation's objective of reducing our dependence on foreign energy sources. I will do all I can to see that the Department resolves conflicts early in the OCS leasing process and avoids needless controversy while carrying out our mandate under the OCS Lands Act. I am committed to continuing negotiations with the appropriate Congressional, State, and local officials so that blanket OCS moratoria no longer are necessary.

While I understand the reasons for previous legislative moratoria on certain OCS lease areas, these actions impede achieving the mandate Congress gave the Interior Secretary under the 1978 OCS Act Amendments. The Congress stated in the FY 1985 Appropriations Conference Report that such moratoria would no longer be imposed if the Department's consultation with the States and localities gives proper consideration to all resource values and Defense needs, and results in protection of environmentally sensitive areas. Let me assure you the Department will proceed with full communication, consultation and cooperation with all affected parties to achieve these ends.

The 1986 budget request for Minerals Management Service program operations is $154 million, a reduction of $6.6 million from the 1985 estimate or a $9.2 million reduction from the 1985 appropriation.

Within this overall decrease, a reduction of $4.8 million is related to the acquisition of pre-lease geologic and geophysical data for the OCS leasing program; in 1986 and thereafter, data will continue to be acquired as a condition of permit but the Federal government will pay only the cost of reproduction. Our position is that the Government should pay for only those additional costs which industry incurs in providing these data to MMS. This change would also treat permittees the same as lessees with regard to reimbursement for acquired data.

The MMS royalty management program reflects a decrease in FY 1986 for computer systems, pending a Departmental reappraisal. We are currently undertaking a thorough review of our royalty collection system. The review is being carried out in cooperation with Congress under the direction of the Department's Information Resources Management Review Council, chaired by the Under Secretary. This council is composed of top Departmental managers and makes recommendations to the Secretary concerning ADP policy, procurement and systems review. I expect that the recommendations resulting from the review will enable us, after consultation with the Congress, the affected States, industry, and others, to improve the system significantly.

The 1986 budget also proposes to phase out the Royalty-in-Kind program. The continued costs resulting from operation of this program and from related litigation can no longer be justified in light of the decreasing number of participating refiners and the prevailing and expected conditions in the petroleum markets.

These decreases in the Royalty Management Program are partially offset by an increase for revenue collection activities. Within the 1986 request, funds will be redirected to provide for additional helicopter services for the Gulf of Mexico inspection program and additional funding for cooperative and delegated audits by States and Indian tribes.

The MMS budget also includes a permanent appropriation for payments to States from onshore mineral leasing receipts. The 1986 estimate of $479 million for this account reflects the proposal discussed earlier that recipients of mineral leasing revenues share in the costs of realizing those revenues. Currently, after the deduction of windfall profit taxes, States generally receive 50 percent of these revenues without deduction of any of the Federal costs of managing these programs. The 1986 budget proposes to deduct Federal program costs from gross receipts before calculating the State share of these revenues. Under the proposal, the States, as direct beneficiaries of a portion of the mineral leasing receipts, are being asked to share equitably in the cost of producing and collecting these receipts. Without such cost sharing, the States are, in effect, receiving more than their "fair share" of these revenues. This cost sharing proposal would reduce the Federal deficit by approximately $54 million in 1986 and by $290 million through 1990.

I believe this proposal for cost sharing is justifiable given the Administration's objective of developing a stronger partnership with State and local governments. A true partnership means sharing both the benefits and the costs of efficient resource management. It should also produce a closer scrutiny by the States of the efficiency and effectiveness of our program management.

Office of Surface Mining Reclamation and Enforcement

The Office of Surface Mining Reclamation and Enforcement (OSM) administers programs for the regulation of coal mining operations to protect the environment and for reclaiming lands damaged by past mining activity. OSM reviews, monitors, and assists State regulatory and reclamation programs to accomplish these objectives. OSM also carries out regulatory and reclamation activities in States which do not have approved programs and on Federal and Tribal lands.

The 1986 budget request before this Subcommittee for OSM appropriations is $330 million, a decrease of $42 million from the 1985 appropriations.

In 1985, a supplemental appropriation request of $4.8 million includes $2.6 million for Federal regulatory operations in Tennessee, which relinquished all of its regulatory responsibilities on October 1, 1984. It also includes $2.2 million to augment systems for the assessment and collection of civil penalties and the use of alternative enforcement measures consistent with an out-of-court settlement of two recent Federal court orders. Also proposed is a rescission of $2.9 million for the 1985 State reclamation grant that was intended for Tennessee, because only States with primacy are eligible for reclamation grants.

In 1986, OSM will continue to support and provide incentives for States to maintain and improve their regulatory and reclamation programs. These incentives include, within the Regulation and Technology (R&T) account, $38.1 million for State regulatory program grants, an increase of $1.4 million. These grants cover 50 percent of the costs of operating State regulatory programs. The remainder of this account, $41.8 million, for a total R&T request of $79.9 million, provides for Federal program operations, technical services, research and general administration.

Within the Abandoned Mine Land (AML) account, OSM is requesting $211.2 million, a decrease of $43.6 million from the 1985 estimate, for non-matching grants to reclaim abandoned mine lands. This decrease is proposed because expected receipt levels over the remainder of the program will support a constant annual level of approximately $211 million. Alternatively, if higher appropriations are made in 1986, large reductions in the annual appropriation levels will have to be made in future years.

In addition, as of the end of FY 1984, only 30 percent or $157 million of the $529 million in cumulative reclamation grants has been obligated by the States. Given the unobligated carryover into FY 1985 of $372 million, plus the very high appropriation level of $258 million in 1985, I believe the requested appropriation level for 1986 is adequate.

The remainder of this account is funded at $39.1 million, for a total AML request of $250.3 million. Included in this amount is a $3.0 million increase for Federal reclamation work on tribal lands and States without approved reclamation programs.

Other changes include a decrease of $6.4 million for the Rural Abandoned Mine Program (RAMP) administered by the Soil Conservation Service of the Department of Agriculture. The $3.4 million requested for RAMP will be sufficient to continue administering projects initiated in prior years. The Administration continues to advocate reducing the number of delivery systems for reclamation projects. We strongly encourage the States to perform most of the reclamation work, and to the extent that RAMP type projects are viewed as high priority by the States, they will use their grant money to fund them. Finally, $3.1 million is requested for the Small Operator Assistance Program.

Geological Survey

The major missions of the Geological Survey (GS) are to undertake research, fact finding, and mapping aimed at enlarging the Nation's knowledge of the extent, distribution, and character of its natural resources, and about the geologic processes, structure, and hazards that affect the development and use of the land and the physical environment.

The 1986 budget request for the Geological Survey is $407 million, a decrease of $2 million from the 1985 estimate of $409 million, or a reduction of $5 million from the 1985 appropriated amount.

The 1986 estimate includes $93.3 million ($83.8 million of appropriations and $9.5 million of estimated receipts from map sales) for the national mapping program. Within this total, increases are requested for digital cartography to meet the target date of mid-1987 for the 1:100,000 scale digital data base required by the Bureau of Census for the 1990 decennial census. Funds also are requested to further the transition from the existing analog cartographic production system to an advanced digital system which will take advantage of emerging computer technologies. A decrease is proposed for the land-use and land-cover mapping program, and the side-looking airborne radar program is proposed for elimination because the technology has been demonstrated and applications data can be acquired from the private sector as needed.

The Survey's budget also includes $166.0 million for geologic research and investigations. I am pleased to say that we are increasing funding in 1986 for several high-priority research initiatives. An increase is proposed for deep continental studies to provide a better understanding of deep crustal environments and the processes that produce initial ore deposits as well as earthquakes, volcanic eruptions, geothermal fields and hydrocarbon accumulations. Another initiative addresses the need to develop an information base for the Exclusive Economic Zone (EEZ), which contains nearly 3.4 million square nautical miles of largely unexplored frontier. The expanded effort will accelerate the development of an inventory of the resources of this vast area.

Additional funds are also requested to support mineral resource studies in national forests including wilderness and roadless areas. Funds requested for the world energy resource assessment program will enable completion of a world-wide natural gas assessment and evaluation of the energy resource potential of Latin America and Asia. Decreases are proposed for geologic hazard surveys and energy geologic surveys, principally because of one time expenditures for equipment in 1985 and decreases in industry requirements for uranium and geothermal resources.

The 1986 estimate includes $129.5 million for investigations to survey and appraise the Nation's water resources and to assure the availability of the water data necessary to develop and manage these resources. This funding level will enhance the collection and monitoring of water-quality and water-quantity data via the national water network collection systems. Additional funding is provided for rehabilitation of network stations and more frequent sampling and data analysis. Increased funding is requested to accelerate essential research on the impact of toxic/hazardous substances on surface waters and sediments.

A program increase of $1.0 million is requested for the data collection and analysis activity of the Federal/State Cooperative program (where funding is matched by State and local cooperators) to augment technical assistance on ground-water contamination and help guide decisions on ground-water protection. Total funding for the cooperative program in 1986 is $50.7 million. A decrease of $1.0 million is proposed for the State water resources research institute program. While the Federal coal hydrology program is proposed for elimination, there is $4.2 million in the Federal/State Cooperative program for coal hydrology studies.

Bureau of Mines

The Bureau of Mines helps ensure that the Nation has adequate and dependable mineral supplies for economic, security and other needs. Research is conducted to provide the technology for the extraction, processing, use, and recycling of the Nation's mineral resources at acceptable social, environmental, and economic costs. The Bureau also collects, analyzes, and publishes statistical and economic information on all phases of mineral resource development and analyzes the effects of public policy alternatives on mineral supply and demand.

The request before this Subcommittee for 1986 appropriations for the Bureau of Mines is $104 million, a reduction of $32 million from the 1985 appropriated amount.

The total Bureau of Mines budget, including trust funds, is $105 million for 1986, a decrease of $30 million from the current 1985 estimate. This decrease will mean that research efforts lacking promise of substantial further benefits or which can be performed by the private sector will be terminated at the end of FY 1985. Basic research on a select number of high-priority topics will be pursued in 1986. The request includes $58.8 million for research in all phases of mining and mineral extraction and recycling; $27.0 million for the collection and analysis of data on minerals; and $18.5 million for general administration.

Funding is not being requested for the 31 Mineral Institutes, resulting in a savings of $7.8 million. The Institutes, along with five Generic Minerals Technology Centers, will have sufficient funds from the 1984 and 1985 appropriations to support their programs through 1986. From FY 1978 through FY 1985, approximately $65 million was provided to the Institutes as seed money. Many of the Institutes have demonstrated continued success in attracting funds for instruction and in obtaining research support through State appropriations for universities and through State agencies and private sources. In the future, it is our intention that the Institutes continue to rely on funds from the States and industry and on successful competition for Federal contracts and grants.

Fish and Wildlife Service

The mission of the Fish and Wildlife Service is to conserve, protect, and enhance certain fish and wildlife and their habitats. The Service manages the national wildlife refuge system of 424 units, 150 waterfowl production areas, and 58 management areas on nearly 90 million acres. In addition, the Service manages 73 fish hatcheries throughout the country.

Fish and wildlife resources are a vital part of our national heritage. I pledge to continue protection of our wildlife refuge system and to conserve these resources with particular emphasis on the recovery of endangered species.

The 1986 request for appropriations by this Subcommittee totals $355 million, a reduction of $64 million from the 1985 appropriation level.

The total 1986 budget for the Service, including permanents and trusts, is $516 million, a decrease of $72 million below the 1985 estimate. The request for Resource Management, the Service's principal operating account, is $298.7 million. This is $2.5 million below the 1985 estimate, primarily as a result of anticipated savings from management efficiencies and programmatic decreases related to the completion or phasing down of ongoing activities during 1985. For example, the operations phase of a cooperative program to determine the effects of liming on acidified surface waters will be completed in 1985, for a savings of $2 million, although research on the effects of acid precipitation will continue.

The funding level for Resource Management includes $5.6 million, an increase of $1.2 million above the 1985 level, to initiate or expand activities at eight mitigation facilities under the Lower Snake River Compensation Plan. In addition, the request includes $1.1 million to address the issue of lead/non-toxic shot. The use of lead shot for waterfowl hunting has been controversial for many years. Recent discussions among Federal and State agencies, private conservation groups, and industry representatives have recognized the need to resolve outstanding questions and to establish a basis for making objective decisions on future non-toxic shot zones. Funding in FY 1986 will allow for site monitoring to determine locations on national wildlife refuges and other areas identified by the States where the use of lead shot threatens waterfowl resources and for establishing non-toxic shot zones when appropriate; research addressing waterfowl toxicity and crippling losses in waterfowl resulting from lead shot; and informing the public about lead poisoning in waterfowl. Close cooperation with States, private organizations and industry is essential to complete these activities.

Support for the operation and maintenance of national wildlife refuges will total $101.6 million and will continue funding for Accelerated Refuge Maintenance Management (ARMM) at the 1985 level of $17.2 million. ARMM was initiated in 1984 to address serious maintenance needs of refuges. ARMM has been successful in addressing these needs which include, for example, the maintenance and improvement of habitat and the rehabilitation of roads, dikes and visitor facilities. ARMM funds are reallocated annually based on a system of national priorities to meet requirements for major maintenance projects.

Funding for fish hatchery operation and maintenance will total $23.9 million; the budget does not anticipate the closure or transfer of any hatcheries.

The 1986 construction request for the Fish and Wildlife Service totals $5.6 million compared to $24.3 million appropriated in 1985. About $2 million of the request is for dam safety. The remaining funds will be used for projects on refuges, at hatcheries and research laboratories, and for the continuation of advance construction planning. The request places the highest priority on projects addressing health and safety issues. Other lower priority construction projects can be deferred, consistent with our overall deficit reduction goals, without having an adverse impact.

During the past five years, considerable resources have been made available to the Fish and Wildlife Service for land acquisition. For example, between 1981 and 1984, $73.3 million has been obligated from the Migratory Bird Conservation account to acquire more than 170,000 acres of important migratory bird habitat. During the same period, $70.7 million from the Land and Water Conservation Fund (LWCF) has been used to acquire more than 72,000 acres of other valuable refuge lands. Also, nearly a million acres have been added to the refuge system in Alaska by donation from the State. Moreover, in 1985, $37.6 million in new Migratory Bird Conservation funds and $63.2 million from the LWCF are available to continue these acquisitions. Also, $16.4 million in revenue from the sale of duck stamps will also be available in 1986 to acquire an estimated 18,500 additional acres. In addition, we will use exchanges and donations to continue to acquire new lands. However, as discussed earlier, because of these accomplishments and because of the large Federal deficit, the 1986 budget proposes a three-year moratorium on new acquisitions.

As I mentioned previously, recent amendments to the Federal Aid in Sport Fish Restoration Act (the Dingell-Johnson Act) will expand grants to States for these programs. The budget projects an increase of $6 million or over 15 percent above the 1985 level of $38 million for these grants. The increase will be derived primarily from additional excise taxes allowed under the legislative amendments. However, in an effort to limit Federal spending during a time of high deficits, the budget, subject to Congressional approval, does not make available to the Sport Fish Restoration account other revenue of approximately $77 million derived from motorboat fuel taxes, previously allocated to the Land and Water Conservation Fund, and import duties on pleasure boats. These reallocated funds will go into the Aquatic Resources Trust Fund. Finally, the budget proposes to make revenue available to the States under this program subject to the annual appropriation process.

National Park Service

The National Park System contains 334 areas which cover 79.4 million acres of land in 49 States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, and the Northern Marianas. The National Park Service has the dual responsibility of protecting the natural and cultural resources of these areas and of providing for their use and enjoyment by the public. The Service also conducts a variety of programs which promote and assist outdoor recreation planning, preservation of cultural and natural resources, and environmental compliance and review among other Federal agencies, State and local governments, and private organizations.

The National Park System is one of our great national treasures, which I have pledged to protect. As Secretary of the Interior, as I stated at my confirmation hearings, I will not consider, I will not support and I will not permit development activities such as mining, drilling or timber harvesting in the national parks.

The request for $669 million for 1986 appropriations is a decrease of $250 million from the 1985 appropriated amount of $919 million.

The total 1986 budget request for the National Park Service, including permanents, trusts, and proposed transfers, is $688 million, a decrease of $239 million from the 1985 estimate. Following the successful completion of a four-year initiative which resulted in the investment of more than $1.0 billion in the restoration and improvement of park facilities, funding for maintenance and preservation projects is being reduced in 1986.

The 1986 budget also includes decreases for National Recreation and Preservation Programs, Construction, Land Acquisition and State Assistance. The Federal government has provided funding and technical support to the States to help establish effectively functioning preservation programs. This support is no longer necessary. Accordingly, no funds are requested for matching grants to States from the Historic Preservation Fund, a decrease of $25.5 million from 1985. An increase of $2.6 million is proposed for the Visitor Facilities Fund to utilize estimated revenues available for the repair of government-owned concession facilities.

The 1986 request for the Operation of the National Park System appropriation is $585.7 million, a net decrease of $18.6 million from the 1985 estimate. The largest decrease, $24.5 million, is in park maintenance and preservation projects because of the successful completion of maintenance and restoration activities under PRIP as noted above. The remaining decreases include: $15.1 million in reduced pay costs resulting from the proposed five percent decrease in Federal salaries; $6.1 million resulting from the consolidation and improvement of headquarters and administrative operations and improved position management; and $1.4 million in reduced support to a number of private artistic and cultural facilities in the National Capital area.

These decreases are offset in part by increases of $14.3 million resulting from the January 1985 Federal pay increase and $6.3 million for fixed administrative expenses.

The 1986 request for National Recreation and Preservation is $9.3 million, $1.8 million less than the 1985 estimate. In order to help reduce Federal spending, the Administration proposes that direct support of public recreation programs be reduced. Accordingly, reductions are proposed in technical assistance to State and local governments for their recreation programs, and no funding is provided for technical assistance to States for river conservation programs. Funding reductions in Federal rivers and trails studies are possible since some studies will be completed and new studies are not being proposed.

The proposed budget for construction is $49.5 million, a decrease of $61.6 million. During 1982-1985, as part of PRIP, $431 million was invested in construction to meet high-priority construction needs, primarily for health and safety projects to correct deficiencies identified by both the General Accounting Office (GAO) and the Department. Because most of these health and safety projects have been completed, as noted by GAO in a recent report, construction for 1986 is budgeted at a lower level than during the PRIP years. Funding is included for 15 projects in 11 parks, primarily to correct health and safety deficiencies and to provide adequate housing for employees at two remote parks in Alaska.

The 1986 request to support the non-performing arts operations of the John F. Kennedy Center for the Performing Arts is $4.5 million, the same level provided for in 1985.

During the 1981-1984 period, the Park Service obligated over $365 million to acquire nearly 64,000 acres of park land, and more than 10,000 acres were acquired by donation or transfer. An additional $66.8 million is available for acquisition in 1985. To help reduce the Federal deficit, the budget proposes a three-year moratorium on most acquisitions of new Federal park lands and eliminates State recreation grants. Accordingly, the 1986 budget request for Land Acquisition is $11.3 million, a decrease of $135.9 million from the 1985 appropriation. Of this total, $5.0 million will be available for emergency and hardship acquisitions and to pay deficiencies and relocation claims from court settlements. Remaining funds will be used to administer ongoing acquisition actions and to administer the close-out of State matching grants awarded in prior fiscal years.

No budget authority is requested for grants from the Historic Preservation Fund. Direct Federal support for historic preservation will be limited to those properties which are part of the National Park System. The Administration has taken steps to encourage private sector involvement in historic preservation through the enhancement of economic and tax incentives which have been highly successful. In 1984 alone, tax credits are estimated to have totaled $255 million. Since the beginning of FY 1981, the private sector has invested about $7.0 billion in over 9,000 preservation projects that qualify for tax credits.

The 1986 request for the Visitor Facilities Fund is $8.5 million. This account utilizes revenues collected from concessioner franchise and building use fees in prior years to restore and repair concessioner-operated facilities owned by the National Park Service. The appropriation requested is based on the estimated available revenues for 1986.

Bureau of Indian Affairs

The Bureau of Indian Affairs (BIA) is responsible for managing and protecting natural resources on 52 million acres of trust lands and for assisting tribes to serve nearly 800,000 American Indians and Alaska Natives. It provides community services, operates schools, maintains law enforcement systems, makes welfare payments, assists in farming, ranching, forestry and mining and contracts with over 300 tribes which want to perform a number of these services themselves.

The Secretary of the Interior has special responsibilities to American Indians and Alaska Natives. I reaffirm President Reagan's and my commitments to the government-to-government relationship of Indian Tribes with the United States and to the Tribes' economic development. It remains our goal to turn the ideals of self-determination for Indian Tribes into reality.

The 1986 request of $1.4 billion for the Bureau of Indian Affairs includes $931 million in current appropriations and $468 million in receipt-funded appropriations. This is a decrease of $61 million below the 1985 estimate or a reduction of $126 million from the 1985 appropriations.

That portion of the BIA budget providing funds for program operations is budgeted at $856 million, $22 million less than the 1985 estimate. The major change in this account is the deletion of the Johnson-O'Malley (JOM) program which is intended to be a supplementary program for special needs of Indian students in public schools. General Accounting Office and Inspector General reports have questioned whether JOM funds are used effectively to meet the unique needs of Indian students. In addition, other Federal and State programs are available to assist these students.

This deletion will allow for high priority increases for on-reservation programs, such as $5.4 million for Indian schools, including funds to implement academic standards to improve the quality of education, $1.9 million for services to newly recognized tribes, $3.8 million for welfare payments, $1.8 million for cadastral surveys in Alaska, and $2.0 million for studies to assist in settling water rights claims by various tribes.

Consistent with the overall deficit situation, the BIA request does not include funds for new construction, although repair and rehabilitation programs are continued. Overall, $70 million is requested for construction, a decrease of $38 million, with emphasis on correcting unsafe conditions, improving waste disposal systems, repairing existing housing, improving dam safety, and providing funds for the Ak Chin and Papago water rights settlements. Road construction will continue at a level of $100 million to be made available from the Highway Trust Fund budget.

Territorial and International Affairs

The Assistant Secretary for Territorial and International Affairs has certain responsibilities for the Trust Territory of the Pacific Islands and the U.S. territories of American Samoa, Guam, the Northern Mariana Islands, and the U.S. Virgin Islands, although these islands are self-governing and not instrumentalities of the United States. The objectives of the Office of Territorial and International Affairs are to promote the political, economic and social development of these territories and direct each toward greater self-government and self-reliance.

I will continue to strive to meet the President's goal of economic self-sufficiency and governmental self-determination for the people of the U.S. Territories. I recognize that economic diversification and growth are critical to the Territories' self-sufficiency goals. I support the Compact of Free Association, which would recognize two sovereign states, the Republic of the Marshalls and the Federated States of Micronesia, emerging from the Trust Territory of the Pacific Islands. The President has recently resubmitted the Compact to the Congress, and I look forward to working with you to achieve the self-sufficiency freely chosen by these two Trust Territory States.

The 1986 request before this Subcommittee for Territorial appropriations is $75 million, which is a reduction of $100 million from the 1985 appropriated amount.

The total 1986 budget for the Territories, including permanent accounts, is nearly $141 million, which is a reduction of $98 million from the 1985 estimate. Of this reduction, $85 million reflects anticipated Congressional approval in FY 1985 of the Compact of Free Association for the Federated States of Micronesia and the Republic of the Marshalls. Assuming this approval, funding to support the Compact is included in the 1986 budget for the Department of State.

The request for 1986 continues to provide funding for construction projects ($8 million) in areas where the lack of an adequate infrastructure has been a hindrance to continued economic development. The 1986 request also provides a stable level of Federal support for all territorial government operations ($62 million) and continued support for technical assistance ($2 million). The budget reflects a strategy of encouraging increased private sector participation in territorial development, while enhancing government efficiency and encouraging economic diversification on the islands.

Secretarial Offices

The 1986 budget request of $74 million for the Offices of the Secretary ($41 million), Solicitor ($18 million), and Inspector General ($15 million) is $10 million less than the 1985 estimates for these offices. The decrease primarily reflects the Administration's budget policy of a ten percent reduction in headquarters and administrative expenditures. These offices provide Departmental executive direction and management, legal advice, and audits and investigations. The majority of these savings will be accomplished by streamlining operations, instituting more efficient management and procedures, reducing overhead costs, and consolidating administrative functions as part of the Department-wide effort.

Apart from the ten percent reduction for headquarters and administrative expenses, $2 million of the $10 million difference between 1985 and 1986 is the amount appropriated in 1985 for the Special Foreign Currency Program. No funds are requested in the budget for this purpose since foreign currencies used in support of the Department are unlikely to be declared excess to the normal needs of the United States in 1986.

Conclusion

In conclusion, I believe the 1986 budget for the Department of the Interior allows the continuation of our important programs and activities while at the same time restraining the Federal deficit by holding down spending. Throughout my tenure, I intend to remain open and accessible to all views. I seek your counsel, communication and advice on all matters involving the Department and would be happy to answer your questions at this time.

BUDGET OVERVIEW

Secretary Hodel. Thank you. The purpose of that statement is to set out in some detail, more detail than I actually have personal grasp of without referring to the statement, the shape and scope of this budget. It focuses attention specifically on some of the more serious cuts that are proposed in the budget. But I would like to give a very brief overview of this budget.

My predecessor, Secretary Clark, and the Under Secretary and all of the top people in the Department and in the Budget Office engaged in a monumental undertaking to try to cut approximately 15 percent out of the total Department of the Interior budget.

I am sure you and members of the committee are tired of administration witnesses coming up and bemoaning the budget deficits and justifying all that we have done in light of those, but it is, in fact, the case.

I would guess that very few programs in this budget are funded in a way that either the constituent groups or the direct employees of the area would feel is adequate. Not in every case, but in virtually every case there are funds which could have been requested and which would have been requested in more normal budget times.

I emphasize that we recognize when we put forth this kind of a budget that it is, in fact, a proposal; it is our best shot at an effort to give you a credible budget with which we think we can operate the important programs of the Department effectively. Of course, we have had to make some very, very tough choices.

WALLOP-BREAUX FUNDS

One of the toughest, Mr. Chairman, is the treatment of the Wallop-Breaux funds which resulted from last year's amendment by the Congress to the Dingell-Johnson fund. That fund has been running about $38 million a year. A new tax was added which would increase the size of the fund by $6 million to $44 million, representing a 16-percent increase at a time when most programs are taking cuts. In addition, the amendment provided that money already being collected by the Federal Government from taxes on motor boat fuels and on imported boats also would go into the Dingell-Johnson fund adding another $77 million.

The total effect would be that the $38 million fund of the past would rise by $83 million, which would be a 218-percent increase at a time when essentially all other programs are suffering significant cuts or diminution.

It seems appropriate at least to draw to the attention of the committee that there is that kind of disproportionate treatment occurring as a result of an action we all favored last year. The President signed the bill with commendatory language; the Vice President spoke with pride about that action; and we then submit to you a budget which seeks authority from the committee not to expend $77 million, and I felt that some special explanation was necessary, because surely you would wonder what we are all about.

The problem we have is if we don't cut that $77 million here, where can we find that kind of money elsewhere in this budget?

In conclusion, I should say I recognize this is a budget proposal. We stand ready to work with the committee in any way we can to help improve the proposal. Obviously, as a representative of the administration, we are going to try our best to keep the overall budget at the level we have submitted.

Senator McClure. Thank you very much.

Mr. Secretary, there are obviously a number of questions that come up, and you have touched on one. I would be very frank to state even though it is a large increase in expenditures, we also increased the burden of taxation in order to finance those expenditures.

Secretary Hodel. We increased, as I understand it, Mr. Chairman, to the extent of $6 million. The other $77 million is taxation that previously existed. For example, the money from the motor boat fuel taxes, was going from those taxes into the Land and Water Conservation Fund, and the Congress directed that money be redirected into the Wallop-Breaux fund. So it is the new tax money the administration has proposed to leave in that account.

Senator McClure. I understand that.

Is it your understanding that if the Congress were not to enact this appropriations request the program would continue to be administered as a permanent indefinite appropriation and that an estimated $121 million would be distributed to the States for these projects?

Secretary Hodel. Yes.

FIRE SUPPRESSION COSTS

Senator McClure. If I can turn now to another subject. As part of the fiscal year 1983 supplemental, we changed the way funds are provided for firefighting costs. Rather than fund estimated costs prior to the fire season, language has been included in regular appropriations bills through section 102, allowing the Secretary to transfer any no-year funds available to the Department of the Interior to meet the costs of fire suppression and rehabilitation. The language requires that such funds be replenished through timely submission of a supplemental request and that supplemental funds thus made available be credited to the account from which the funds were taken for fire suppression.

The fiscal year 1985 supplemental request and the fiscal year 1986 budget raise two serious problems due to the way the Department has used, or perhaps abused, this authority.

The situation presented in the 1986 budget is probably the easiest to resolve, so I will mention that first.

Four million nine hundred thousand dollars is requested in the construction account of the Bureau of Indian Affairs to replenish funds spent for fires. It is shown as new budget authority in construction. There is a significant difference between crediting an account as required in the bill language and requesting the funds as new budget authority in a no-year account.

As proposed by the Department, the construction accounts of the various agencies would become impossible to track as more budget authority would be shown than was actually appropriated for construction projects. To accurately reflect the costs of firefighting and to maintain the integrity of the construction and land acquisition accounts, it is necessary that the funds be requested in the operational accounts, as in the past, and that those funds, once appropriated, be credited to the no-year accounts.

Is the Department agreeable to a revision of the 1986 budget request so as to accommodate those concerns?

Secretary HODEL. Mr. Chairman, the question you have raised suggested that a very reasonable answer should be, yes, we should do that, from the way you have raised the question. I would like the opportunity to discuss that with the Office of Management and Budget and see whether there is something that I am not catching here, but that sounds reasonable. It is my impression that the Congress would have the authority to appropriate the funds to any account that it chose, of course.

Senator MCCLURE. If you will do that and then give us a response, I would appreciate it.

[The information follows:]

ACCOUNTING FOR FIRE SUPPRESSION COSTS

The President's budget request proposes that fiscal year 1985 supplemental appropriations to repay funds transferred in fiscal year 1984 under the authority of section 102, general provisions, Department of the Interior and Related Agencies Appropriations Act for emergency firefighting costs be credited directly to the account from which the funds were borrowed rather than to the operating account in which the firefighting budget activity is located. The Department has conferred with the Office of Management and Budget [OMB] about this matter and understands and endorses the technical advantages that result from appropriating the funds to the operating accounts which in turn will then transfer the funding back to the lending account. OMB has concurred with this approach and will offer no objection if the committee provides replenishment of fire costs to the operating accounts rather than to the no-year accounts that originally provided the funds.

ADDITIONAL FUNDS TO FIGHT FIRES

Senator MCCLURE. The second problem is more complex. Bill language requires the Department to seek supplemental appropriations to replenish funds used to fight fires. The Department transferred $66.7 million in fiscal year 1984 from various appropriation accounts to help finance firefighting and rehabilitation. Of that amount, only $25.1 million is requested in the fiscal year 1985 supplemental, and that is proposed to be funded by transfer of funds in the construction account of the National Park Service rather than by new budget authority. An additional $4.9 million is requested for the BIA in fiscal year 1986, again by transfer of funds available to the Park Service.

The remaining 36.7 million dollars' worth of expenditures will not be repaid, according to the justification. This amounts to an executive branch rescission of $26.8 million from the land acquisition and State assistance account; a rescission of $3.9 million from the Park Service construction account; and a rescission of $6 million from the land acquisition account of the Fish and Wildlife Service. Budget documents indicate that this is a one-time measure to restrain outlays, but I have no doubt, no doubt at all in my mind, if this ploy is successful this year, it will be tried again in the future.

I don't see any way that we can agree to this. But for the sake of argument, if we were not to replenish the funds used for fire suppression, who would make the determination as to which lands would not be acquired for which funds have specifically been provided or which construction projects would not be built which have previously been identified as priorities of either the Department or the Congress?

Secretary HODEL. I think that would be the responsibility of the Secretary under this proposal.

Senator MCCLURE. I hope you can understand the dilemma that we have, that you have in effect rescinded prior appropriations in the guise of a diversion of funds for fire suppression.

FIRE SUPPRESSION

Secretary HODEL. Mr. Chairman, I became aware of this treatment of the firefighting funds in preparation for these hearings this week, and I was distressed because of the apparent treatment of the language, the preference of the committee that we should submit a supplemental immediately to replenish the funds, and we were not doing that.

My understanding is that, in effect, what we are doing here is as if we were to propose a supplemental to replenish the funds and then, for instance, seek to request that the Congress not enact the supplemental. Or alternatively we submit a supplemental; if the supplemental is passed, we then come forward immediately with a proposal for a rescission.

Whether we do it any of the three ways, the way it is in the budget or either of the two ways I've just described, the net effect of our proposal is the same, which is that we are proposing that the accounts indicated not receive funds back in them to the extent we have suggested.

Senator MCCLURE. I understand that. There is a procedural difference, however, that has a substantive effect upon what happens, and I would much prefer that you ask for the supplemental and separately ask for a rescission, if that is your judgment as to what you should do. That allows us to work upon the rescission in the way it was intended under the law and to do otherwise would invert the process.

Let me ask one further question in that regard as to which projects might be terminated if the money were rescinded in these accounts. Would it be fair to assume that those projects added in prior years by the Congress over the budget request would be the first targeted under the arrangement proposed by the Department?

Secretary HODEL. Mr. Chairman, I don't have an answer to that. The question was raised in a prior hearing, not one in which I participated, but in which the National Park Service participated, asking for a list of the expenditures that would not be made in the event this proposal were to be accepted, and that is in the process of being prepared and should be available in the next several weeks.

Senator McCLURE. Would you provide that for the record when it is prepared?

Secretary HODEL. Yes, certainly.

Senator McCLURE. Thank you.

OUTER CONTINENTAL SHELF LEASING

Senator McCLURE. In the fiscal year 1985 budget former Secretary Clark made several changes in the Outer Continental Shelf Leasing Program which were designed to foster better Federal, State, and private participation and to resolve State environmental and military conflicts in the leasing process. These changes went a long way toward improving the overall OCS program, but we still have a leasing moratorium in place, which we hope can be eliminated this year.

The 5-year offshore leasing schedule calls for seven sales during fiscal year 1986. This is a relatively ambitious schedule compared to fiscal year 1984 when eight sales were scheduled and six were held and the fiscal year 1985 schedule when six sales were scheduled and three were held.

I'm not sure if you have had an opportunity yet to fully review the current plan or to review the progress toward developing the new draft 5-year leasing schedule, but I would appreciate your comments on the schedule as it now stands.

Secretary HODEL. Mr. Chairman, I have had an extended briefing on the proposed new 5-year plan, and I have before me a list of the sales in the current 5-year plan to which you have referred.

It is my belief that the sales scheduled for 1986, with seven potential sales, is within the ability of the Minerals Management Service to handle, but I have not specifically asked that question of them. I believe I would have heard if they thought that schedule was such they could not meet it.

Senator McCLURE. Do you think that there will be any changes in the 1986 sales schedule? Or are you prepared to say?

Secretary HODEL. I announced the other day, Mr. Chairman, a number of changes in the current shedule, one of which was a delay of the Navarin Basin sale from, I believe it was, March 1986 to September 1986, which would just barely leave it in fiscal year 1986 as a sale.

Senator McCLURE. Do you anticipate any other changes?

Secretary HODEL. I don't know of any others that are planned at this time.

Senator McCLURE. What sales remain in fiscal year 1985?

Secretary HODEL. In 1985 we have scheduled sale No. 89 in September in St. George Basin. That's an Alaskan sale. We have a May 1985 Central Gulf of Mexico sale, and an August 1985 Western Gulf of Mexico sale that is on the list at which I am looking. We have indefinitely delayed another Alaskan sale, the Gulf of Alaska/Cook Inlet, and we have on hold a South Atlantic sale, which was sale No. 90.

Senator McClure. Would those delays affect the 1986 schedule?

Secretary Hodel. As far as we now know they don't, because we did not plan to move the Gulf of Alaska or Cook Inlet sale over into 1986, nor did we plan to do that with the South Atlantic sale.

Senator McClure. And you don't anticipate any other delays in the other three identified?

Secretary Hodel. Not at this time.

Senator McClure. In fiscal year 1984 and fiscal year 1985 how many sales were actually held?

Secretary Hodel. In fiscal year 1984 we had six sales, starting with central California and the Gulf of Mexico, the Navarin Basin, the Central Gulf of Mexico, Diapir Field in Alaska, and a Western Gulf of Mexico sale. So that would be six sales.

OFFSHORE MINERAL LEASES

Senator McClure. Gross receipts from the Federal offshore mineral leases are estimated to increase from $5,302 million to $5,760 million in fiscal year 1986. Will this estimate likely be changed by the new draft 5-year plan?

Secretary Hodel. Not that I am aware of. I don't believe there would be any significant shift because of the change.

MINERAL INSTITUTES

Senator McClure. With respect to the Bureau of Mines, I note that the administration did not request funding for the mineral institutes. In addition to encouraging graduate level research and training of mineral scientists and engineers, these institutes conduct important basic research in mineral sciences. We are told that this method is working and research is being conducted on some basic problems and concerns of the mining industry.

The fiscal year 1986 request indicates that funding for this program has not been requested because sufficient funds are available from the 1984 and 1985 appropriations to continue the programs through fiscal year 1986. What has been your experience with this program?

Secretary Hodel. I have no direct experience with it, but I have heard only good comments about the work that has been done, Mr. Chairman. It is a useful effort, one that we would like to continue if we were in a different budget climate.

Senator McClure. You've indicated there would be enough money to continue the programs through fiscal year 1986. How much funding is available for the fiscal year?

Secretary Hodel. I am advised that $4.6 million is available in 1986.

Senator McClure. What is the source of those funds?

Secretary Hodel. That is the 1985 appropriations carryover.

Senator McClure. Can you identify for the record specifically where those would come from?

Mr. Itteilag. Mr. Chairman, that would be the fiscal year 1985 appropriation that is not used until the 1985–86 academic year.

Senator McClure. So it would be committed toward the end of 1985 and be expended through 1985 and 1986. You wouldn't see the impact then until the 1986–87 academic year; is that correct?

Mr. Itteilag. That is correct.

Senator McClure. The budget document also indicates that "In the future, the institutes will rely on funding they are receiving from States and industry and through competition for Federal contracts." Can you give the committee some specifics as to the amount of money that is available from these other sources?

Secretary Hodel. Mr. Chairman, when I asked that question myself I was informed, if I have retained the numbers approximately correctly, that about 20 percent of the funding of the minerals institutes comes from this budget item; the remaining 80 percent comes from the private sector, a significant share from States, and from other Federal grants or contracts into which they enter. I would expect, not knowing for sure, that the budget concept was that if only 20 percent is being filled by this budget item, perhaps the balance could be filled through those other sources.

PEST MANAGEMENT

Senator McClure. Mr. Secretary, before moving forward into some other areas I want to ask one question with respect to pest management, because we have a current problem which I think you have been made aware of, and that is grasshopper control on public lands, which may seem quite a letdown from Department of Energy days to controlling grasshoppers. But now you are the manager of our Nation's lands, one-third of our Nation's lands, and much of those lands are nascent sites for a tremendous explosion of that pest this spring.

We had a real problem with it last year, and the experts in the Animal Plant Health Inspection Service tell us that it will be much, much worse, or the potential is much worse for this year. They have, at our request, made surveys of the areas that likely will require control where Federal lands are involved. They have identified millions of acres in 11 Western and Midwestern States, from the Dakotas westward through eastern Oregon and Washington.

Their estimates of control costs are approximately $22 million. That would be if, indeed, we do it on the basis we have done it in past years but were not prepared to do it last year. That is, where the infestation is on Federal lands in which the Federal lands are interspersed with State and local lands or where the damage to the resource on the Federal lands economically justifies control measures. And that would be 100 percent Federal funding—Federal lands, a Federal problem, and as our people out west say, Federal grasshoppers. They all have a U.S.A. painted on their wings.

Under previous programs where there were interspersed Federal and State and private lands, if it was just Federal and State involved, the State would pay 50 percent of that control on the State lands and the Federal Government would pay 50 percent; and where private lands were involved, the landowner would pay one-third, the State would pay one-third, and the Federal Government would pay one-third.

Our estimate of costs is on the order of $22 million to do the job that would be required in those areas under that kind of a program.

There is no money available. It would require a supplemental. I have talked with the Bureau of Land Management, with the people from APHIS as to their willingness to undertake such a program and their ability to undertake such a program if the money is made available.

While the administration has not requested the money, it is my understanding from talking to Mr. Burford and the Director of APHIS, Mr. Dawson, that indeed they could and would undertake such a program if Congress appropriates the money through the supplemental appropriation process.

Do you have any comments or questions that you would like to address at this time with regard to that? Have you been made aware of this problem and its dimensions?

Secretary HODEL. Mr. Chairman, I had not until your description of it here. I would assume from your description that Mr. Burford will be approaching me with a request for either a decision to prepare a supplemental or with a proposed supplemental, and I gather from what you have said we need to move quickly on that if we are going to do it.

I must say one other thing, and that is I will have to work with the Office of Management and Budget on such a supplemental if we feel we must do it.

Senator McCLURE. I understand that. And we, indeed, may not wait for you to do that, and it would be a request from me on behalf of the representatives from 11 States out there that the administration not resist such an attempt on the part of the Congress.

Secretary HODEL. Did Mr. Burford discuss with the committee the possibility of a reprogramming of some kind as a means of accomplishing the same objective?

Senator McCLURE. He did not. As a matter of fact, I think that was beyond the scope of the discussion we had at that time. Certainly if you have got the money that could be made available in some other way, we would look at that as well.

Very little time remains. A cooperative program of that size has to take some preplanning. You have got all of the environmental impact to try to judge; you have to look at such other things as the locations of colonies of bees so that you don't wipe out all the bees in that area; you have to make the plans for the joint efforts between State and private landowners.

Secretary HODEL. Are we not required, Mr. Chairman, to do an environmental impact statement on such activity?

Senator McCLURE. Probably not, because an EIS isn't required in suppressing fires, and we haven't yet required God to file one before he creates a fire, although I guess if it were within our competence we probably would.

There is also, I think, a need to take a longer look at how we deal with pest infestations, because they, like fires, are hard to predict. We have a revolving fund for fires, and it would be my suggestion, and has been my suggestion, that we try to establish a revolving fund for pest control, because we simply can't budget for it in advance for the same reasons we don't budget in advance for fire suppression costs.

I went out last year, Mr. Secretary, and looked at some of the fields that were involved in my State, and in the areas where there was private land abutting public land the grasshoppers moving in from the public lands into that private land completely obliterated the crop in the first 60 to 80 feet of the field. It was a second cutting of hay. You couldn't see a sprig of green, not one, let alone any crop. That kind of an economic impact upon people who are helpless to prevent it is simply intolerable when the infestation arises on the public lands.

Secretary HODEL. That is not being a good neighbor on our part, Mr. Chairman, and I think it is clearly our desire to be good neighbors in the Federal land management on which we have responsibility.

Senator MCCLURE. I appreciate that, and I will look forward to working with you on that.

I have a few other questions, but let me at this time yield to the distinguished soon-to-be senior Senator from Louisiana.

Senator JOHNSTON. Thank you, Mr. Chairman. I don't really like this role of senior Senator; I'm much too young to be a senior Senator, although I feel a little older today.

Senator MCCLURE. If I can stand it, you can stand it.

Senator JOHNSTON. Mr. Secretary, welcome to our subcommittee.

Secretary HODEL. Thank you.

OUTER CONTINENTAL SHELF

Senator JOHNSTON. First of all, on this long simmering question of OCS development, I think you know something about that history—I know you know something about that history. Let me just say that we have had moratoria on the OCS which have been, I believe, politically inspired. There is nothing wrong with politics. That's the way great Senators like Jim McClure and I got here, through politics. So the political system is not necessarily bad, but I would say that those OCS moratoria have been extended year after year based upon the political considerations rather than upon the environmental requirements of the issue.

Last year when Senator McClure and I met with our House counterparts on the conference committee the issue came up once more. The House had put in a moratorium; the Senate had not; and our counterpart on the House side said, look, Interior has no plans to lease anyway; it's an election year; let's extend it 1 more year.

We complained loudly that there was no justification to extend it, and the political considerations of election year transcended that. So we extended it 1 more year, but with language to the effect that the moratorium would not be extended beyond last year except to the extent that it could be shown that there were legitimate environmental considerations involved.

Speaking for myself, and I know I also speak for Senator McClure, any area that has any justifiable environmental objection to drilling should not be drilled. I know off the coast of Florida there were three areas, the sea grass area, the 20 isobar area, and one other where it was put off limits. Nobody objected to that. As a matter of fact, everyone approved of that.

Whether there are similar areas off California that have not thus far been identified we don't know, but I think the Department ought to make every effort fully to evaluate the environmental considerations involved as opposed to something that is purely aesthetic. Not that aesthetics aren't of some importance, but after all, most of those areas off the coast of California are not even visible, and if they are visible, you can always put a waterfall on the oil derrick out there, as they do on those off Long Beach.

In any event, we ought to identify the environmental considerations, and if there are none, then proceed with what I regard as a higher national goal of developing our resources.

It looks as though we are going to have very little money for the strategic petroleum reserve this year. I can tell you that in the lower 48 the number of oil and gas wells being drilled is dropping off very rapidly. You can really see it in my State; you can see it in Texas; and if you pass this tax bill, you're not going to drill any wells at all, hardly.

I would certainly urge you to go forward with that identification and cataloging of the environmental objections, and to the extent there are none, then let's proceed.

Secretary HODEL. Thank you, Senator.

ATCHAFALAYA BASIN

Senator JOHNSTON. Next, Mr. Secretary, you have heard me talk about the Atchafalaya Basin before. I have a number of questions on that, but I hope you can let me shortcut the questions by just asking very simply, are you planning to reprogram funds for the Atchafalaya to the BLM?

Secretary HODEL. I remember you and I discussed this at my confirmation hearing. We have not made such a decision yet, and I had promised you I would consult with you before I made a decision on that matter. I hope I can say that is imminent. This week seems to be occupied with a series of hearings, but I would hope that immediately we will have the opportunity to make a proposal and come forward to discuss it with you.

Senator JOHNSTON. Mr. Secretary, let me tell you that there has really been some bad information spread around below your level in your Department. We have heard about all these memos going around.

First, one point was that the Atchafalaya plan was not developed by Fish and Wildlife and was forced on them. That simply is not so. The Director of Fish and Wildlife testified that:

> This Department believes that it is appropriate for Federal as well as State agencies to be involved and share the cost of acquiring this important river swamp. Conservation of the Atchafalaya is a unique cooperative effort, and we do not object to the intent of this legislation. The concept makes good management sense.

I could go forward and read more from that. Of course Bill Clark was very instrumental in helping us on that.

Second, they say that the threat to the Atchafalaya is not imminent. The fact of the matter is that between 15,000 and 20,000 acres of land have already been cleared in the basin, and while bulldozers may not be poised at this moment on the edge of the specific tract designated, it is blatantly untrue that an imminent threat does not exist. These lands are very well suited for soybean cultivation. And you are going to get a great deal more. Ask former Governor Dave Treen who was very instrumental in pushing this Atchafalaya plan.

Further, in this memo they say that the waterfowl of the Atchafalaya are not great. Again, the Director stated in 1984 testimony before the Senate Environment and Public Works Committee as follows:

> The Atchafalaya River Basin encompasses this Nation's largest remaining forested wetlands complex. It contains nearly 500,000 acres of hardwood swamp, intermingled with overflow lakes, bayous, and streams, which together support tremendous fish and wildlife populations. At least 300 species of birds occur in the floodway, including the thousands of wintering ducks and coots and the largest wintering population of American woodcock in North America. Over 50,000 egrets, ibises, and herons nest in the floodway, as do large numbers of wood ducks. Resident animals include the white tail deer; rabbits, squirrels, turkey, and black bear are abundant, as are such furbearers as bobcat, fox, nutria, mink, muskrat, raccoon, and otter. Over 90 species of fish, crawfish, crabs, and shrimp support an extremely productive sport and commercial fishery in the Atchafalaya floodway.

Forgive me for having to quote your own testimony, but how these things get started in the bowels of the Department—I mean, I know how it got started. There is a former employee who is trying to scuttle the Atchafalaya. He couldn't get along with this administration, so he quit, and he is trying to come back and scuttle the Atchafalaya because we wouldn't take every jot and tittle of what he said in the legislation.

That is how all this bad information gets started.

I don't want to continue to read point by point, but I can tell you everything that was put in this memo is just blatantly wrong. It's not kind of wrong; it's real wrong.

Senator McClure. And besides, you disagree with it.

Senator Johnston. Yes; and I disagree with it.

You can't believe the number of questions I've got here.

Secretary Hodel. If it would help, Senator, let me say that the only discussions to which I have been privy have been very positive about the values of the Atchafalaya. I have not seen the memorandum. This is not unusual. It is not unusual for the Secretary of the Interior not to see the memoranda that come out of the Fish and Wildlife Service.

Senator Johnston. Those are great people in Fish and Wildlife. They wrote these memos to begin with. So they are very good.

Well, I won't ask you all these questions. Let me submit these in writing, and I hope we can proceed with the money already appropriated on that.

JEAN LAFITTE NATIONAL HISTORICAL PARK

Now, on Jean Lafitte National Historical Park, I also have a number of questions there, Mr. Secretary. The problem there is that we have in Federal law that rule that says when offers come in above the appraised value you can't accept them. I don't know whether that is good policy or not. I know it is in Federal law and we can't change it. The problem has been we have had these offers come in 5 to 16 percent, in the case of Jean Lafitte, above the appraised value, and they just languish in the Department and we don't get any action on them.

I had asked a number of questions in writing about that at the confirmation hearing, and those have not been answered. Let me resubmit those and urge you to look at that problem, as those questions will urge you to do, and see if a new procedure can't be confected there at the Department to deal in a more expeditious manner with that problem, which is a problem, by the way, that transcends the Jean Lafitte.

LEAD SHOT

Finally, Mr. Secretary, we've got the lead shot controversy. That may sound like a small thing, but in a big duck hunting State it is a very big thing.

The Department just came out with regulations that require the use of steel shot on the Sabine and Lacassine refuges in Louisiana. In the Lacassine refuge they previously had a study that was done that showed that there was more damage done to the waterfowl population from crippling. Steel shot tends to cripple more. It is not as potent a killer as is the lead shot. There are more ducks lost from crippling than from the ingestion of lead shot. Nevertheless, the Department proceeded to go ahead and order the use of steel shot in Lacassine and Sabine.

There was a study done in the Department on which our people were not consulted even though we had asked that they be consulted, and I guess the information from the previous study was not properly appraised, didn't properly get looked at. I hope we can change that with respect to those two refuges.

Each year we have come along—Senator Stevens and I have been particularly interested in that—and put in the law a prohibition of a steel shot requirement where the State objects to it. There may be a lot of areas in the country where it is appropriate to require steel shot owing to the kind of bottom that you have. But where you have these very soft bottoms where the lead shot tends to go on down into the marsh, as it does in Lacassine, we think it is inappropriate, and I hope you will take a look at that regulation.

LEAD/STEEL SHOT

Secretary HODEL. I have been given some information on this lead shot/steel shot issue, and it is my understanding that the regulations that are out are proposed regulations out for comment that would, as you say, impose this restraint on those two refuges and several others.

I am troubled by the nonconsultation comment you made. Certainly I will encourage that we consult, and it is my belief that there is an effort to do so and a need to do that, obviously.

The imperatives are not just those that relate to ducks and duck hunting; we also have problems with endangered species which are threatened by lead shot in some cases, I understand, and this is a factor that is also taken into account.

Somebody was telling me not long ago when we met with some State director of fish and game that this issue has been studied to death, and that we have studies on all sides of the issue to the point now where it is a matter of picking and choosing one's experts. But it is apparent to me from the proposal that has gone forth that the experts in the Department, as well as quite a number of experts in the State fish and game departments, believe that some kind of regulation is called for.

This proposal probably is not perfect. Probably there is no such thing as a perfect proposal. But it was an effort to accommodate as much of the comment as had been received. I understand we are receiving additional comment.

Senator JOHNSTON. I am not saying that it is not proper to require steel shot in some areas, but the big question is what kind of bottom does it have, and with respect to Lacassine, it has the kind of bottom that says you ought to use lead shot.

Thank you.

Secretary HODEL. Thank you.

Senator MCCLURE. That is a controversial subject, Mr. Secretary, and I have had the opportunity to talk to others within the Department about it. I guess it is fair to say that you have to pick your experts and decide which ones you want to believe in.

All of the eastern flyway councils have suggested, I am told, that the Department go forward with the regulations which you have proposed. Apparently the State departments, if they have objections in Louisiana or elsewhere, either have not appropriately registered them or have not carried the day in the flyway councils, which doesn't necessarily determine the outcome.

We are going to be asked to take a close look at the continuation of the Stevens amendment, which requires concurrence by the States. That may not be a bad outcome, even though there may be people in Fish and Wildlife who don't wish to give the States a veto power over the actions by the Fish and Wildlife Service in this area. But there could be worse worlds than that in which there are pitched battles between the State interests and the Federal interests, and certainly we ought to try to resolve that if we can.

Senator Bumpers.

HOT SPRINGS NATIONAL PARK

Senator BUMPERS. Mr. Secretary, we'll go from Atchafalaya to Hot Springs. The entire congressional delegation has invited you to visit Hot Springs National Park.

In 1982 it was the second heaviest visited national park in the entire park system, and it is one of the very oldest parks in the country. Yet it is also very unique because Hot Springs is a city.

The most unique thing about Hot Springs has been in the past, of course, the hot springs, and there were eight flourishing bathhouses on Bathhouse Row until about 1967 or 1968 when business began to drop off, and now six of the eight bathhouses are closed. I might also say that they are deteriorating. They are to the point where some windows are out, paint has peeled off the interior, and they are in a deplorable condition.

While Hot Springs has been struggling, we built what we call a mid-America museum there. They have built a new tower on West Mountain overlooking that whole area of the Ouachita Mountains.

The city fathers in Hot Springs have been working diligently to try to increase tourism there, though the number of visitations has been declining. They have been to see me a couple of times, most recently about 2 weeks ago, at which time they discussed the possibility of your coming there for a visit. I know your time constraints, but I want to emphasize the importance from our viewpoint of your seeing the city so that you will know what we are talking about.

My point is this. They feel they have been mistreated in the development of the plan for Hot Springs. I called Russ Dickenson the other day to talk to him about it. I then talked to the park ranger in Hot Springs. And we now have a letter with a timetable for the final plan for Hot Springs, which includes a lot of input by the local people and so on, and the time for finalizing and publishing the plan for Hot Springs National Park is now August 1.

My point is this. I don't know whether that can be speeded up or not. I would like to think that it could be. One of the things that I would like your assurance on is that if it is impossible under the law or the regs to speed up the timeframe for the final publication of that plan, I would like your assurance that it will be done by then, because they have been trying desperately to get this plan completed so they will know where they are.

Secretary HODEL. Senator, are they reasonably encouraged by what they believe will be in the plan now that they have talked with the ranger?

Senator BUMPERS. They don't know yet. I can tell you what their primary concern is. Their primary concern is those six closed bathhouses. The Park Service right now probably has 35 inquiries on file from people who would like to take one or more of those bathhouses for some other purpose, or at least in conjunction with the baths for some other purpose. Some people would like to rent one from the Park Service to put in a spa. I'm talking about an Elizabeth Arden type spa. Others would like to take one and make a really nice restaurant out of it.

These bathhouses are old, they are magnificent, and they should be restored from a historical perspective if nothing else.

Hot Springs downtown used to be a real sight to behold. When I was a child it was considered to be a real treat to go to Hot Springs just simply because of Bathhouse Row, if nothing else, and now it is badly deteriorating.

All I am saying is they want something done with those bathhouses. They have any number of people who are willing to do something with them. Obviously, the Park Service is not going to do anything with them. So it is important as to how that plan comes out as to what will be permitted and possible for the use of those bathhouses.

Secretary HODEL. Then your question was if I could assure you on the date. What I can assure you is I will go back from this hearing and press for assurances from the Park Service that it at least will meet that date. It seems to me if it is going to meet that date we actually have to have a target before August 1, because otherwise inevitably, invariably the August 1 date arrives and then I'm told that it's finished, but now we are prepared to put it in the Federal Register.

Senator BUMPERS. Exactly.

Secretary HODEL. And that's not what you are asking. You would like a finished plan if at all possible.

Senator BUMPERS. By August 1.

Secretary HODEL. I will see what I can do about that.

Senator BUMPERS. You see, they are not going to like that, but at least if there is some finality to it and there is a definitive proposal saying this is it and we will be ready to talk to you on August 1 about the future use of those bathhouses and the entire park, for that matter—I am just hitting the major problems they have. Visitations were 1.2 million last year, something like that.

FISH HATCHERIES

Going from Hot Springs, I want to say one other thing. For the past 3 years the administration has sought, with some degree of success, to curb and in some instances close fish hatcheries. I, for the life of me, cannot understand that. I am going to do my very best to get the Interior budget down to the dollar figures you are talking about. There are a lot of proposals in your budget I am going to support that are going to be difficult to support. I saw one place here where you are proposing to cut $31 million. I am going to support you on that. But I am not going to support a $110,000 cut in the Norfork hatchery.

Let me just give you an illustration of why I think this is one of the most outrageous, penny-wise and pound-foolish proposals I have ever seen. When the Norfork dam was built on the White River in Arkansas there was a contract made between the Federal Government, the corps, and with the Fish and Wildlife Service that as mitigation for the damages of damming up the White River a trout hatchery would be built at the base of Norfork dam. The same proposition was made at Greers Ferry, another dam on the Little Red. And it was in mitigation, and it was designed exclusively to be what we call a put-and-take operation. That has worked that way since the Norfork was built in the late 1940's. I forget the precise year. The hatchery started in 1957.

I want to give you some statistics to validate what I am saying to you, and this is put out by people who have done studies on it, but principally by the Arkansas Parks and Tourism Department.

First of all, there are boat operators up and down the White River and most of those resorts are full at least 6 months out of the year. The fishing months are absolutely full. I am not going to issue an invitation right now, but I just wish you would come up to the Norfork-Bull Shoals Area anytime between March 1 and October 1, and you will see many out of State license plates. There are many from the Midwest and they come there to float the White River to fish for trout.

The direct tourist income just to the boat operators and the restaurants and the people in the area, because of the Norfork hatchery, because of the put-and-take operation, is $35,045,000. And they supply trout for the Red River where there is a direct tourist income of $9,226,000.

It is estimated that the northwest Arkansas area outside that area derives $24 million and south Arkansas where the Red is $8,994,000. Five percent of our entire tourism income in the State of Arkansas is a direct result of trout fishing on the White River. The State of Arkansas derives in tourist dollars $162 for every dollar the Federal Government puts into the Norfork hatchery, which in 1985, this year, is $524,000, and that's a cut from $899,000 in 1984.

Now we are talking about $524,000 in exchange for a total tourist income to the people of Arkansas of $77,535,000. We are talking about income to the Federal Treasury of $8 million in income taxes directly paid as a result of two hatcheries.

If it were not for the fact that a contract was made with the people of Arkansas for these hatcheries, Mr. Secretary, you could say if it is that big a deal, the State of Arkansas can certainly take that over; there is no point in the Federal Government operating it. I would be less than candid with you if I didn't tell you that we probably would. We are not about to lose $77 million in tourist income. There are some boat operators up there who could combine to operate this hatchery before they would see their tremendous investments go down the tube. But as I say, that was a legitimate contract made between the people of that area and the Federal Government.

I am not going to belabor the point. I just simply want to say, Mr. Secretary, that there is not much point in my running next year if I can't come up with the $300,000 or $400,000 you are trying to cut out of those two hatcheries.

Secretary HODEL. Senator, I appreciate your comments.

Senator BUMPERS. It is amazing how little things loom so big, isn't it?

Secretary HODEL. Senator, I have been known to comment on the difference between the Department of Energy and the Department of the Interior now that I am back at the Department of the Interior. We dealt with much larger numbers and far less visceral reactions in the Department of Energy. It is not the amount; it is the principle of the thing that really matters at the Department of the Interior.

May I say that in preparation for this hearing I was pleased to see that the budget proposal that we had did not recommend additional transfers or closures of Fish and Wildlife fish hatcheries, because I know what a difficult issue that has been in the past. It was my understanding, which I certainly will have to look into with regard to these two hatcheries, that the only reduction in the fish hatchery O&M level was from $24.3 million to $24 million, and the bulk of that, which was $245,000, represented the termination of a study.

So I need to go back and make sure there isn't buried beneath these statements and numbers a line item cut such as you are concerned about for those two hatcheries. I hope we will have a favorable and satisfactory outcome for both of us.

Senator **Bumpers**. I hope you will, and I am confident you will, Mr. Secretary.

KNOWN GEOLOGICAL STRUCTURES

Let me just ask you one other thing. Continuing our discussions in the past about the simultaneous leasing policies, have you had a chance to look at your new regulations on what a known geological structure is?

Secretary **Hodel**. I have not. I have pressed for an early briefing. Because of the imminence of four hearings this week on the budget and general oversight, I frankly have not been able to follow that in the detail that I would like. I am advised that they are ready for me. It's just that I haven't been ready for them at this stage.

Senator **Bumpers**. Let me just point out one thing to you so that you will be aware of this as you review that. In the *Texas Oil and Gas* case at Fort Chaffee, which the Supreme Court just refused cert on about 3 or 4 weeks ago, we discussed that during your confirmation hearing, and I said that I would hope that you would put that up competitively, but I was not anxious to do it immediately because we do have a bubble right now and I know that it would not bring what it might bring a little later in the year, or even next year, for that matter.

I recited what I considered one horror story after another about the absurdity of the simultaneous lease policy.

Incidentally, you have a brand new fresh letter on your desk from Ed Herschler, the Governor of Wyoming, who has been one of the stoutest proponents of my bill here, or some form of my bill, ever since I started, along with Scot Matheson and a whole host of western Governors. But I will give you one that just came to my attention a few days ago.

BLM is proposing now to lease Eglin Air Force Base. Bear in mind, Mr. Secretary, that the reason these military reservations are being leased is because they were off limits and leasing was prohibited until we amended the law in 1976. That is when we got into this Fort Chaffee thing. Now BLM is proposing to lease Eglin Air Force Base noncompetitively for $1 an acre. Do you know what the estimates are that land would bring on a competitive basis?

Secretary HODEL. I don't think I even want to hear this.

Senator BUMPERS. I hate to do it to you, but I just have to insist—$25,000 an acre. Nobody, no public official can stand idly by, Mr. Secretary, and condone that happening.

Secretary HODEL. Senator, I agree.

Senator BUMPERS. My point is this. I started out a moment ago to talk about the famous *Texas Oil and Gas* case, which started in the western district of Arkansas, went to the court of appeals in St. Louis, and cert was refused by the Supreme Court. One of the findings in that, incidentally, was not so much to our benefit, and it was essentially this. I am summarizing, not quoting from the decision. It says that there is no justification for not using the existing policies where an area has never been tested. In other words, in my State the Ouachita Mountains are considered to be a prime possible area for exploration of oil and gas even though there has been no testing of that area yet. There ain't no gas or oil wells at Eglin Air Force Base either.

So you see, even with the *Texas Oil and Gas* case, which has been affirmed by the Supreme Court as recently as 3 years ago, you probably have authority to go ahead and lease that noncompetitively under current definitions of known geological structure even knowing that this place is worth thousands of dollars per acre instead of the $1 an acre our present policies would permit that land to be leased for.

And so it is in the Ouachitas. The Ouachitas are roughly 1,200,000 acres in my State. A lot of it has already been leased, most of it on a first-come-first-served basis, possibly some of it by lottery. I don't know. But as I told you in your confirmation hearing, all other land in and around—I am talking about in holdings and around—the Ouachitas are bringing anywhere from $100 to $800 an acre. In other words, John Q. Public who happens to own 100 acres down there is getting $10,000 for his 100 acres and the Government is getting $100 for its 100 acres.

I just want to remind you again of my overwhelming interest in this issue and again give you another story about the absurdity of why this thing continues. I think you are on legal ground. If under the current Supreme Court decision you want to go ahead and lease just because there are no wells in the vicinity, even though every geologist in the country is saying this is hot property and oil companies are willing to pay on a competitive basis anywhere from 100 to 2,500 times what the Government is required to get—well, Mr. Chairman, that's my speech.

Senator MCCLURE. Thank you.

FISH HATCHERIES

Senator BUMPERS. Incidentally, I would just make one final comment. If you just pick out 1,000 acres down in the Ouachita that you are getting ready to lease for $1 an acre and somehow or other decide to lease it on a competitive basis, that will be 10 times enough to take care of both my fish hatcheries.

Senator MCCLURE. Mr. Secretary, with respect to the fish hatcheries, we do want to look at that very carefully. There was a very sharp spike in the appropriations for one of those hatcheries for a temporary period of time, and I would invite you to look at that and give us information as to why it went up very sharply and steeply and why it came down again. There may be an explanation, but we would like to know.

Secretary HODEL. I don't have before me the line items on what each hatchery is expected to get. I assume that is what you would like to see, Mr. Chairman.

Senator MCCLURE. There is a history and I don't know what is behind that history.

[The information follows:]

FUNDING FOR NORFORK AND OTHER NATIONAL FISH HATCHERIES IN ARKANSAS

Each national fish hatchery [NFH] under the Fish and Wildlife Service receives funds in three general categories: (1) operations funding for salaries, fish food purchases, fish distribution expenses, and related areas; (2) maintenance funding for repair and upkeep of buildings, raceways, and ponds, vehicles, grounds, and related facilities; and (3) Youth Conservation Corps [YCC] funding for small-scale repair and maintenance projects at the facility.

Funding for the Norfork NFH was significantly increased in fiscal year 1984 to cover emergency repairs to the main hatchery water supply line. Those costs were in excess of $350,000. Because emergency repairs are not required every year, these costs have distorted the usual pattern of funding for the Norfork facility. In fiscal year 1985, the Service has reprogrammed $79,000 for Norfork to rehabilitate the water supply aeration system. Maintenance funds ($38,000) proposed for fiscal year 1986 reflect routine maintenance needs rather than the emergency needs of fiscal year 1984.

Operational funding for hatcheries normally shows some variation from year-to-year in response to overall management priorities. For example, funds may be adjusted to cover such one-time costs as major equipment purchases and personel moves. Also, in fiscal year 1985, several specific actions have occurred that affect operational funding. These include: (1) the across-the-board 2-percent reduction in the Department's appropriation; (2) a congressional reduction of $300,000 in funds appropriated for hatchery operation and maintenance due to anticipated savings from expanding the purchase of closed-formula (commercial) fish feed instead of feed manufactured to specifications of the Fish and Wildlife Service; and (3) establishment of a central (Washington office) account to cover employee uniform costs (funds for employee uniforms were formerly provided to field stations in their operational budgets).

Funding provided or proposed in the operations, maintenance, and YCC categories for the Norfork, Greers Ferry, and Mammoth Spring National Fish Hatcheries in fiscal year 1984, fiscal year 1985, and fiscal year 1986 is listed in the following table:

FUNDING OF NATIONAL FISH HATCHERIES IN ARKANSAS

	Fiscal year 1984 actual	Fiscal year 1985 planned	Fiscal year 1986 estimate
Norfork NFH:			
Operations	$445,000	$423,000	$421,000
Maintenance	427,000	[2] 101,000	38,000
YCC [1]	27,000	0	0
Subtotal	899,000	524,000	459,000
Greers Ferry NFH:			
Operations	248,000	220,000	218,000
Maintenance	0	27,000	0
YCC [1]	0	0	0
Subtotal	248,000	247,000	218,000
Mammoth Spring NFH:			
Operations	153,000	149,000	150,000
Maintenance	6,000	20,000	0
YCC [1]	0	2,000	0
Subtotal	159,000	171,000	150,000
Total:			
Operations	846,000	792,000	789,000
Maintenance	433,000	148,000	38,000
YCC [1]	27,000	2,000	0
Total	1,306,000	942,000	827,000

[1] In fiscal year 1984 and fiscal year 1985, Congress directed that the YCC program be absorbed within the Service's resource management appropriation; amounts shown were YCC costs absorbed within fishery program funds at the hatcheries indicated. No YCC program is proposed in the Service budget for fiscal year 1986.

[2] In addition to the resource management maintenance funds shown, $79,000 is being made available for rehabilitation of the water supply aeration system at Norfork NFH by reprogramming unused construction funds from three completed construction projects ($15,000 remaining from construction of a multilevel water intake at Norfork NFH; $31,000 remaining from construction of feed storage bins at Wolf Creek NFH, KY; and $33,000 remaining from construction of a water intake system at Wolf Creek NFH).

TERRITORIAL AND INTERNATIONAL AFFAIRS

Senator McClure. If I could turn for a moment to the Office of Territorial and International Affairs. We have a problem that is similar to the one we had last year in which the ongoing administration, being a Department of the Interior function, is carried one place in the budget. If compacts are adopted, the administration seeks to carry it another place in the budget, and if Congress doesn't agree with what the administration suggests as to where it should be administered, then all of that gets dumped back into this subcommittee's jurisdiction and responsibility and becomes a line item which we have to swallow in terms of the budget limitations.

I would hope you would take that up with the OMB as we had to do last year in terms just of the budget process and the accounting process, because it doesn't seem to me it is possible for us to get charged in this subcommittee with the expenditures which the administration carries somewhere else because we have a different view as to where it ought to be done and then get charged with the ceiling imposed because of the other judgment.

I hope you will look at that with us and work with OMB on it, because there are some rather large dollar figures associated with those compacts.

Secretary HODEL. I do not know enough about the OMB process in respect to this subject, Mr. Chairman, but it would seem reasonable to expect the ceiling to be carried in whichever committee the money comes through. If, as a result of changing that location, it comes through this committee, I would expect OMB to be pressing very hard that it should be part of the overall budget from this committee.

Senator MCCLURE. I would think that if the responsibility gets transferred the ceiling ought to get transferred with it.

Secretary HODEL. That does make some sense.

Senator MCCLURE. It makes so much sense that OMB can't see it.

Mr. Secretary, I don't know whether yet we have had the opportunity to discuss the post-compact administration of the United States' responsibility under compacts with these island nations. My feeling, shared by the Senator from Louisiana, the acting ranking minority member on this committee, and ranking minority member on the authorizing committee, the Energy and Natural Resources Committee, the committee of jurisdiction, we have made it consistently known that we are very strongly of the opinion that post-compact administration ought to continue to be vested in the Department of the Interior. There is a move on the part of the administration to shift that to the Department of State.

POST-COMPACT ADMINISTRATION

I have made it known to the ambassador and to other administration officials consistently over the last several years that I don't think this committee or the Energy and Natural Resources Committee, and more likely the Congress, is likely to go along with that, for a variety of reasons.

I understand why the State Department would like to make the change for external reasons and external perceptions, but the compact requires the continuation of certain domestic type programs which would be administered in those areas even though a compact is adopted. With all due respect to the Department of State, they don't have a notable record for skill in administering domestic spending programs. There are those who say the Department of the Interior hasn't done so well either. But at least I think the comparative record favors the Department of the Interior.

For the protection of the taxpayers of this country as well as for the benefit of the people of these States, it seems important to me that we leave the administration in whatever form that administration responsibility may be structured, but the lead agency should be the Department of the Interior.

Secretary Clark assured me that he would make an effort to see that the Interior would continue to have the lead. Do you share the belief that the Interior is the appropriate place?

Secretary HODEL. Mr. Chairman, I can't give you a simple yes or no answer on that. Secretary Clark was not successful in changing the view of the administration. There is a degree of turf consciousness which I find very distasteful. It is very much against my desires to be engaged in turf struggles.

It seems to me that ultimately it is going to be essentially an arbitrary decision, because there are elements that would support management by the Department of the Interior and there are elements that would support management by the Department of State.

The Department of State makes a strong point, as you have indicated, as to why it should be in the lead and has, I would say, so far prevailed within the administration.

The Department of the Interior continues and will continue, no matter what the primary source will be, to have a role in the interagency group which reviews relations with the freely associated States. But at the present time, Secretary Clark not having been successful, I do not have any reason to believe I would be any more successful than he has been in persuading the administration to change its view.

I should say that on its face it seems to me—and it is probably something we need to discuss more—that the compact of free association seeks to identify these as separate countries, nations, and, as such, it does appear that they are more appropriately dealt with in the fashion that we deal with other nations than with territories.

That is a reaction at this point, but I think in fairness to the question you have asked I needed to bring that out.

Senator MCCLURE. That may well color the deliberation of the Congress with respect to the affirmance of the compacts, because there are very strong feelings up here that are being expressed consistently over a long period of time.

I know the Department of State has had the bit in their teeth and have been strong willed about what they would do, even to the point of violating provisions of the appropriations act of last year by the thinly disguised stationing of personnel there in the guise of just a presence and not representative.

I resent a little bit the notion that we are so stupid we can't see that, and yet the Department of State has dealt with this in that rather high-handed fashion. You are not responsible for that, I understand, but there is a reaction as a result of that, which is not the reaction that they desire, I am certain.

I think there is a continuing problem there, and I understand that argument that we are dealing with them as independent States and their desire. I understand the lobbying job that the Department of State has done in talking to their representatives in support of that point of view. I am not unaware of the efforts that the Department of State has done to enlist their support.

Again, I have been around too long to be fooled too easily on that kind of thing.

I hope we can resolve it, and I am not at all certain the Congress is going to accept the administration's judgment up to this point.

Secretary HODEL. Mr. Chairman, if we can assist in meetings with the State Department and discussions about the compact and the suitability and the relation of this to that, of course we will be more than willing to participate.

Senator McCLURE. Thank you very much.

TRUST TERRITORY PHASE DOWN

I support the phase down of the High Commissioner and that office, but I am concerned that enough money be provided to continue work on Palau and that the Department have enough money to continue its relationship with the Federated States of Micronesia and the Marshalls. I do not see the budget's proposals living up to the commitments made in the compact negotiations, and that is the second year in a row that that has been true. That doesn't strengthen my confidence that the State Department is competent to do the job they undertake to do, because they go out and tell those people one thing, negotiate agreements to do that thing, and then come back here and present a different budget.

Secretary HODEL. Mr. Chairman, I don't have specific knowledge of that item in the budget, but in the budget preparation I was led to believe, and do believe, that the funding that has been requested for the High Commissioner is thought to be adequate for the phase down. I have assumed, based on that briefing, that it would include whatever commitments we had made, because that is part of the process. I will check into that.

Senator McCLURE. We will work with you on making certain that there isn't a gap between the two, because it appears to me that there is.

ADVISORY COUNCIL ON HISTORIC PRESERVATION

If I can shift for a moment to the Advisory Council on Historic Preservation. We recently held the fiscal year 1986 hearing for the Advisory Council on Historic Preservation and received from them a current report on the status of discussions between the Department, the Council, OMB, and the Department of Justice regarding the Council's authority to issue regulations implementing section 106. Are you familiar with that dispute?

Secretary HODEL. Mr. Chairman, I was familiar with what sounds like that dispute something over 2½ years ago. I am not familiar with its current manifestations, unless it is identical to what it was 2½ years ago.

Senator McCLURE. It is distressingly similar to the situation that was there.

Secretary HODEL. Some things never change.

Senator McCLURE. If you are not familiar with it, I would appreciate your reviewing the issue, and if you agree, your assistance in resolving it. It ought to be resolved.

Secretary HODEL. All right.

Senator MCCLURE. We always have the problem of having more requests for Land and Water Conservation Fund projects than we have money, and I anticipate that this year is not going to be different. We will perhaps have even worse difficulties this year. I recognize, too, the administration's difficulty in being as free and open and candid as we would desire with respect to the priorities that ought to be set, but we do need some mechanism by which we can get some advice from you as to what the priorities ought to be. Recognizing our need for information, would you agree to provide us with your own list of worthy projects or perhaps with your even-handed evaluation of requests that we are considering?

Secretary HODEL. Yes; Mr. Chairman. I do not know what form those lists would take. It may be that we will have to bracket them so that we aren't saying there is necessarily a 1 through 50 priority but rather there are three or four or two or five priority groupings in which we would say these projects would appear to be in the primary category because of circumstances or conditions, and these would be in the next bracket, and so forth.

I have a feeling that every one of those proposed acquisitions is a primary priority project in the eyes of the beholder and the proponents of it, and I even hate the thought of trying to put them in some priority order. But if it will assist you, I will see if I can't ask the Park Service to get me such a listing.

Senator MCCLURE. We have to respond to that in some way, as do you. Ultimately we make those judgments. Whether they are difficult or not, they are ultimately made, and the more information we can have and the more exchange of information that we can have the better we will make those judgments.

PROPOSED BLM-FS LAND EXCHANGE

Have you had sufficient time yet to involve yourself in the proposed interchange of lands between the Forest Service and the BLM?

Secretary HODEL. I have not progressed as much as I would like, but I have had the opportunity to be briefed by various individuals who have strong views on the process. I was in Oregon not long ago and spent my Saturday in that fashion. Very educational.

Senator MCCLURE. That's a broad definition of the term educational. It is very informative.

Really, there are a couple of questions and/or comments. It is my understanding that the administration is developing an executive order that would initiate the exchange through administrative action and that at some point that executive order will be issued.

First of all, in my conversations with the Chief of the Forest Service and Mr. Burford, Director of BLM, I have urged the greatest possible public involvement in that discussion prior to any attempt to issue such an executive order.

When I was in my State during the Lincoln Day recess period I ran across some reports, which I have since confirmed, that indicate that some personnel on the ground are making statements about the administration's position that are at variance with what Mr. Burford and Mr. Peterson have told me. You have to ask yourself, first, are they doing that because they don't have the information? In other words, is the information flow sufficient from the Chief's office or the Director's office down to the field offices? Do they really undersand what the program is?

I don't think that has been explained very well, and there may be some inadvertent error in their statements, or perhaps an inadvertent misunderstanding on my part on what I've been told.

There is also a strong suspicion on the part of many, and I would confess to a degree I have to share that, that some people don't want the process to succeed and are deliberately misstating the effects of the process in order to frustrate the attempt, to get public understanding stirred up or public misunderstanding stirred up to the point that it would frustrate the attempt.

I happen to believe the administration is on the right track. I have urged for a long while that we make a realignment of administrative responsibilities. There are some obvious discrepancies in my State, and I can speak to it far better in my State than I can elsewhere. I know that there are a couple of problem areas in my State. We can deal with those problem areas. But the concept of realigning the administrative responsibility so that you don't have two different agency pickups traveling either in opposite directions or even in the same direction on the same road at the same time is so obviously good judgment that it makes you wonder why it hasn't happened before.

And then you run into the kind of lobbying that is being done by people that don't want it to happen, for whatever reason. I am pleased to note that the BLM has in one area where they find difficulty, and the last time such a proposal was made the Forest Service suddenly found that instead of having a whole host of enemies they had a whole host of friends in that area because they feared the BLM more than they feared the Forest Service. The BLM has been out and had done a pretty effective job in talking to those groups and saying, hey, wait a minute fellows, we can work together on these problems and we are not running into the same difficulty the last time the proposal was made.

But I am getting some feedback from Senators from other States who say this timetable is pushed to the point where we will resist. I would caution you that the public information, the public input, the public discussion, and public understanding must precede the attempt to formulate or issue an Executive order, in my judgment.

Secretary HODEL. Mr. Chairman, I am concerned, based on what you said, because it is my understanding that you are correct, that an executive order is being drafted, but it is not being drafted to cause the events to take place prior to public discussion and more specific formulation of proposals including clarification and modification of some of the boundary proposals previously suggested. Rather, the order would give the Secretaries of Agriculture and Interior the authority to go forward, when that consultation process was completed, with the administrative changes that need to be made. I think it is fair to say that if we had the authority, no executive order would be required.

In discussions this far one of the things that is immediately brought up is, of course, that much of the interchange proposal cannot be accomplished without legislation because we do not have authority to do much of it.

My understanding of the executive order was that it was an enabling rather than a directing order, and that it would not be carried out by the Secretaries of Agriculture and Interior until we had been through the consultation process.

I share your concern. I do believe that this is something that is long overdue for a very careful review, and certainly implementation in some places. But there are also some very difficult issues which, if swept up in a single proposal will be enough of a hurdle to block the whole program, in my view.

So we need to move with care, and I appreciate your concern.

The question I will have to pursue is whether it is possible for us to have the President issue an executive order without creating the misimpression that we have been directed to go forward forthwith without bothering to go through the consultation process. That's my understanding.

Senator McCLURE. Do you know whether it is contemplated that there be any duplication or dual assignments of personnel before a final decision is made? Part of the proposal is to have Forest Service people administer BLM lands and BLM personnel administer Forest Service lands in suitable areas.

Secretary HODEL. It is my understanding that is under discussion. I do not have a clear picture in my mind whether that is contemplated pre or post consultation, but it seems to me that what has been discussed is that some form of dual management, or however you would characterize it, is under active discussion between the two bureaus.

Senator McCLURE. I think it must necessarily be under active discussion, and I would understand that there is a need for an executive order to make it clear that could be done. I would be a little bit concerned about whether that kind of shift of administrative responsibility among personnel in the two agencies involved should not precede the decision to exchange the lands for administration.

Secretary HODEL. I am informed, Mr. Chairman, by my staff that the BLM documents on the budget say that there will be such interchange, or however we characterize this dual role.

Senator McCLURE. You see, that is being read by a lot of people out there who are concerned about the proposal as being an administrative action to prejudge the decision: We are going to start doing it even though we haven't yet been given the authority to do it.

We have administered those lands separately for a lot of years. I am not sure that the next few months are so critical in terms of the change of administration as is the specter and, therefore, the resistance of people who believe the administration is moving forward without the appropriate authority. While it can be done by administrative action, certainly an executive order would be necessary to do it. That might be a penny-wise and pound-foolish decision.

I don't want to obstruct this, and I don't want to slow it down unduly, but this may be a case where you make haste slowly.

Secretary HODEL. Mr. Chairman, I appreciate your comments. I will go back and find out what the current status is.

Senator McCLURE. All right.

ADDITIONAL COMMITTEE QUESTIONS

Mr. Secretary, there are some additional questions which I will have and other members of the committee may have for response to the record.

Thank you very much for your appearance here this morning and your answers to the questions. I look forward to working with you again in these areas which are familiar areas for both of us.

Secretary HODEL. Thank you, Mr. Chairman. I appreciate that.

Senator McCLURE. Thank you.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR J. BENNETT JOHNSTON

Atchafalaya Basin, Louisiana

Question: Mr. Secretary, as you will recall from your confirmation hearings, I have a keen interest in the Atchafalaya Basin in Louisiana. We discussed this matter at length in early February in the Senate Energy Committee, specifically the status of the funds appropriated for Fish and Wildlife Service land acquisition appropriated in the FY 1984 Supplemental appropriations bill signed into law on August 22, 1984. The status of these funds is apparently still in "limbo" and again I am seeking clarification from you not only on the Department's intent with respect to the $10 million we appropriated last summer, but with respect to the Federal role in the Basin.

Reprogramming funds at this time, when a difficult and delicate compromise is just being worked out between State and Federal officials would place the future of this important project, accorded a high priority by the Congress in legislation passed and signed into law on October 26, in jeopardy and would undermine the project. If you learn about the Atchafalaya, I am confident that you, as your predecessor Bill Clark, will conclude that this is a worthy project which presents a unique opportunity for a creative Federal-State cooperative approach to preserving bottomland hardwoods, considered by your Department as one of the most threatened resource bases we have. In fact, if it would be helpful to you, I would be happy to arrange a visit for you to the Basin so you can see for yourself why this is such an important priority.

Mr. Secretary, I am sure you are tired of hearing about this reprogramming request. You have many more important items in the budget to discuss today with the Committee, many of which I am very interested in, too. But until I can get this Atchafalaya matter resolved, I just cannot focus on these bigger items. So, I am hoping that we can put this matter to rest once and for all today. I will be listening carefully to your answers in hopes that we can. Let me again ask the questions I raised in the Energy Committee on February 1. First, are you planning to reprogram funds for Atchafalaya to BLM?

Answer: In FY 1984 we funded BLM fire costs by utilizing the transfer authority contained in Section 102 of the Appropriations Act. In the course of the decisions on FY 1985 Supplementals to be presented in the President's Budget, a decision was made not to restore funding for all Section 102 transfers which had occurred in 1984. As a result, we are currently assessing all FY 1984 and prior year land acquisition projects, one of which is the Atchafalaya project.

Question: Second, if you are not, and I hope you are not and urge that you don't, when will contracts be let for appraisals of lands identified by the State as appropriate for Federal acquisition?

Answer: I am informed by the Fish and Wildlife Service that their schedule provides for contracts for appraisals to be let by the end of April, 1985.

Question: How many acres will these appraisals include?

Answer: The Service estimates that appraisals will be made on approximately 10,000 acres.

Question: How long will the appraisals take?

Answer: According to the Service, completion time for appraisals is one item to be negotiated with the potential appraisers prior to letting the appraisal contract. The Service expects that the appraisal can be completed within 60 to 90 days after letting the contract. This is an average timeframe for appraisals.

Question: When will serious negotiations with landowners begin?

Answer: Negotiations with landowners will be able to begin as soon as the appraisals are completed.

Question: And, will you commit to me to keep me personally informed of all efforts the Department undertakes?

Answer: Yes. I will keep you informed on actions related to the Atchafalaya project.

Question: Third, who is the contact person you assured me that the State of Louisiana and I will have on this project?

Answer: I am asking the Director of the Fish and Wildlife Service, Robert Jantzen, and the Atlanta Regional Director, James Pulliam, to work with you and the State of Louisiana on the status of the Atchafalaya project.

Question: Fourth, will you again commit, as you did in your confirmation hearings, to consult with me personally prior to Department actions and decision on the Atchafalaya?

Answer: Yes. Should a proposal that affects the Atchafalaya project be necessary, I will consult with you prior to its submission.

Question: I have some new questions, Mr. Secretary, as a result of news reports widely published in Louisiana, that some unilateral decisions have been taken by Fish and Wildlife Service employees in Washington to see that no more than $4 million is spent this year in the Atchafalaya--despite the fact that we in the Congress have not received or approved a reprogramming request for funds appropriated last summer to begin acquisition at a level of $10 million. If these reports are true, then someone in the Department, or perhaps several, is flagrantly violating the law. This is unacceptable, as I am sure you will agree, and I know that you will want to correct this situation.

Is it true that Regional Officials of the Fish and Wildlife Service were advised that no more than $4 million would be available for Atchafalaya land acquisition on February 7th by the Washington, D.C. Fish and Wildlife Service Office?

Answer: I am advised by the Fish and Wildlife Service that their Atlanta Regional office was notified that $6.0 million of the Atchafalaya funding was under consideration as one of several options for funding BLM fire suppression costs.

Question: If so, who made this decision and by what authority? This was seven days after your confirmation hearing, during which you committed to me that I would be consulted prior to any such decision. I was not so consulted and neither was my staff. I can only assume such a decision was made and that someone in the Service doesn't like the project and is deliberately and intentionally trying to scuttle it--despite the fact that we passed and the President signed two public laws creating a Federal acquisition role at the $10 million level, not at a $4 million level.

Answer: I assure you that no decision has been made regarding a reprogramming. I have been informed by FWS that the Atlanta officials were being made aware of one of several alternatives for funding BLM fire suppression costs in order to schedule the work of their Realty staff. Again, no decision has been made concerning any of these alternatives.

Question: If this is true, what do you plan to do about it to make sure that the law is followed and implemented?

Answer: I am committed to resolving the BLM fire funding issue. When I have fully examined the alternatives available and make the decision, I assure you that the Department will follow proper procedures in obtaining the necessary Congressional review for our planned course of action. Again, let me reassure you that you will be kept informed of this course of action.

Jean Lafitte National Historical Park

Question: Mr. Secretary, another matter I raised at your confirmation hearings concerned the serious problems we are having with the Department over the submission of land purchase offers to acquire valuable lands for the park system which exceed the approved appraised value. Over my objections, language has been included in the Interior appropriations bill requiring approval by the Committees on Appropriations for land acquisitions which exceed the approved appraised value of the tract in question. I wish we could dispense with the language, or at least provide a minimum threshhold, but it does not appear that such a change is possible. Thus, it's something we are going to have to learn to live with since it is, after all, public law.

There appears to be a concerted effort by some in the department to use this restriction as an excuse for stopping all land purchases for which offers have been made which exceed the approved appraised value. When those offers come in from the regional office apparently they are next reviewed by the Washington Park Service land acquisition division. I'm not sure where they next go, and I hope you will enlighten us today, as I requested you to do at your confirmation hearings on the next steps in the process. Absent other information, I conclude that apparently they are next reviewed by several other layers within the Department.

While the Park Service land acquisition office appears to act quickly, further review by others above these NPS officials takes so long that offers expire before the process has been completed. It appears that someone puts them in a permanent pending file and is using this procedure as an excuse for stopping land acquisition every chance they get.

For example, 4 or 5 offers at the Jean Lafitte Park which exceed the approved appraised value by amounts ranging from 5 to 16% have been languishing in the bowels of the Interior Department for as long as six months. At least one offer has expired as a result. Whether that landowner will be willing to re-enter negotiations is questionable, because I am sure he will have serious questions as to the good faith of department negotiators. I know I would have serious questions.

I should point out that this range - 5 to 16% above the approved appraised value - is far less than the one purchase which was litigated. In that case, the court award exceeded the approved appraised value by 100 percent.

I am going through this long history, Mr. Secretary, because I think we need some serious procedural changes to rectify this problem. I made a couple of suggestions, including a tight time frame for Departmental action with Congressional oversight at each step at your confirmation hearings. These changes were rejected, but no alternative to them has been proposed. So, I am going to make these suggestions again. If these are not to your liking, then I hope you'll have some concrete alternatives to share with me today. I'll be listening carefuly to any suggestions you'd like to make and hope that you will, because I am serious about developing legislative language to change this unacceptable situation. As I do, I'd very much like your help.

Let me again repeat what I suggested at your confirmation hearings.

First, do you think it would be a good idea to set a time limit on Department reviews of offers which exceed the approved appraised value and would you be willing to issue a directive to Department personnel requiring action within, say, two weeks for any offer which the regional office has approved which is 25% or less above the appraisal? If you don't like this suggestion, what do you recommend that will give us assurance that offers don't languish and expire out of inattention?

Answer: I do not think it would be a good idea to set a fixed time limit for Departmental reviews of offers which exceed the appraised value. In a real sense, each acquisition proposal is unique. Some proposals have been relatively simple and straight forward, while others have been complicated by legal and policy questions that have not been easy to resolve.

Question: Second, do you believe Washington review (beyond the Washington land acquisition office of the National Park Service) is necessary for every offer which exceeds the approved appraised value, or is there some cut-off point at which regional office approval should be sufficient, with the Washington office simply coordinating submissions to the Hill within a set time of say five working days? If you do believe that such a review is necessary, why and how do you plan to cut down on paperwork and make sure that paperwork and review is not used as an excuse to stop land acquisition by not acting quickly on regional recommendations?

Answer: Yes, I believe all such offers should receive Washington review. In fact, we are also required to have these approved by the Office of Management and Budget. Other arrangements have been considered such as setting a dollar or percentage ceiling over the appraised value that would trigger Washington review. However, such arrangements unfortunately are likely to result in an dollar or percentage floor that would result in a weakening of the land acquisition process and result in more acquisitions over the appraised value.

I believe significant progress has been made in expediting the review process as can be seen from the history of Jean Lafitte offers which follows. I do not believe any further steps need to be taken at this time if we can resolve the constitutional issues surrounding Sec. 312 of the appropriations act and the Supreme Court decision in INS v. Chada. It is the latter issue which has caused the most delays in the process.

Question: Third, I requested that you submit for the record to the Energy Committee at your confirmation hearings a chart containing the following information. I have not received that information, so I ask you again today to submit it, to both the Energy Committee and the Appropriations Committee. If you don't have this with you today, we would be pleased to see it tomorrow at the Energy Committee hearings on your FY 1986 budget.

a. How many offers above the approved appraised value has the Washington office received from regional or local NPS officials since 1982;

b. By how much did each offer exceed the approved appraised value;

c. How many of these were submitted to the Hill, and how long did it take to submit each one from the day of receipt to the day of submission, including the day each division within the department received it and completed action on it--where it went and when, in each stage of the Department's review process;

d. When the offers expired, whether any of the offers expired before submission, whether any expired while the Congress was considering them (and when they were submitted), and if any expired whether they were successfully or unsuccessfully renegotiated (and if successful, by how much the new offer exceeded the approved appraised value);

Answer: The chart provided on the following page responds to parts a through d of the question.

NATIONAL PARK SERVICE
OFFERS TO SELL THAT EXCEED APPROVED APPRAISED VALUE
JEAN LAFITTE NATIONAL HISTORICAL PARK

Tract	Landowner	Offer Amount	Amount Exceed Appraisal	Date offer signed by landowner	Date Offer Expires	Date Received WASO-Lands	Date sent to Dept.	Date sent to Hill	Date approval Received from House /	Senate	Date Offer Accepted
104-40	County Acres, Inc.	$70,600	$3,953	09/09/83	12/05/83 1/	09/28/83	10/17/83	12/17/83	01/09/84	01/09/84	01/06/84
104-04	Moschella	11,500	950	09/21/83	12/20/83 1/	10/28/84	11/01/83	01/06/84	01/13/84	01/25/84	02/15/84
104-22	Marrero Rod & Gun Club, Inc.	42,000	950	07/28/83	01/27/84 1/	09/16/83	10/17/83	01/06/84	01/13/84	01/25/84	02/27/84
104-37	Frentz	35,000	1,677	10/05/83	01/04/84 1/	10/28/83	11/01/84	01/06/84	01/13/84	01/25/84	02/28/84
104-38	Wilson	17,650	988	10/17/83	01/16/84 1/	11/17/83	11/18/83	01/06/84	01/13/84	01/25/84	02/15/84
101-19	Zinsel	914,000	37,573	02/12/84	05/11/84	02/22/84	03/09/84	03/29/84	04/06/84	05/09/84	05/11/84
104-46	Tatum	49,000	5,900	03/09/84	07/08/84	03/28/84	04/13/84	05/14/84	05/30/84	06/07/84	06/22/84
101-18	Bayou Des Familles	815,000	115,000	04/10/84	10/09/84	05/16/84	06/05/84	06/19/84	06/22/84	06/27/84	07/09/84
104-41	McDowell	17,650	988	07/05/84	11/04/84 2/	07/30/84	08/16/84	09/29/84			

1/ Extension of offer obtained.
2/ Offer has been extended four times. The most recent extension goes through 4/4/85.

e. How many purchases were made as a result of litigation and by how much did the court award in these cases exceed the approved appraised value;

Answer: Since January 1982, I am informed that three tracts were acquired as a result of litigation. The cases were filed as a result of price disagreement. The cases are as follows:

104-06, Taormina, 1.00 acre, filed 12/10/80, updated appraised value $40,000, award $80,000.

104-07, Taormina, 1.00 acre filed 12/10/80, updated appraised value $40,000, award $80,000.

102-05, Bayou Lake, 637.88 acres, filed 02/17/81, updated appraised value $740,000, settlement $800,000.

f. And how many tracts were not purchased because the offers were not submitted to Congress by the Washington office?

Answer: None. The Park Service informs me that there are no tracts that were not purchased because offers were not submitted to the Congress by the Washington office.

Question: As I recall, I also requested at your confirmation hearing before the Senate Energy Committee that you provide me with a timetable for completing review of the 5 Jean Lafitte tracts, setting forth the date you expect to submit them to the Committee on Appropriations for review. I have not received that.

Answer: I have been informed that there is only one outstanding over-appraisal offer for Jean Lafitte National Historical Park. It was forwarded to the Appropriations Subcommittee on September 29, 1984. The offer has been extended four times. The most recent extension expired on April 4. The delay in receiving approval for the McDowell property has been due to the controversy concerning Section 312 of P.L. 98-473, FY 1985 Continuing Resolution, the language of which relates to the Supreme Court's decision in INS v. Chadha. Once this controversy has been resolved, we believe that future delays will be minimal. The Park Service will seek an extension on the offer for the McDowell property once this issue has been settled.

Question: I also requested that you direct your staff to advise me in the future when NPS receives an offer exceeding the approved appraised value, and when it is submitted to the Assistant Secretary or the budget office or whoever is in charge, when those officials expect to complete, and do complete their review in the future so that I can try to keep tract of the process on this park. I have yet to receive an answer to these requests and hope you can give me an answer today on both of these requests. When will you comply with them?

Answer: I have been informed by NPS that our staffs have been working together to identify and follow these offers. Because the Park Service is dealing with land acquisition projects involving a large number of tracts in a large number of states at any given moment, I would suggest that our staffs continue to work together to follow the projects in which your office has an interest. I suggest that your staff deal directly with the Washington Park Service Realty Office, which knows or can obtain the status of every land acquisition proposal in the field or in Washington receiving Departmental, OMB, or Congressional review. I believe this would be the most effective way to comply with your request and to keep your information current. If this procedure is not effective, I would be happy to see if other arrangements could be worked out to provide you with the information you need in a complete and timely manner.

Land and Water Conservation Fund (Federal)

Question: If the Congress were to appropriate $150 million to the National Park Service, $75 million to the Fish and Wildlife Service, and $40 million to the Bureau of Land Management for land acquisition, what would the Department's priorities be?

Please furnish the committee with a list, in priority, of each project, accompanied by a justification. Also, please indicate what the staffing needs will be for each at this level of acquisition activity.

Answer: Following is a $150 million Land Acquisition Program for the National Park Service with the areas listed in priority order as determined by the NPS. The NPS informs me that the current staffing level of 167 FTE's would be adequate to administer the Land Acquisition Program at the $100 million level. At the $150 million level, however, the NPS believes that an additional 10 FTE's would be required at the Regional Office level primarily to handle the increased workload in appraisals and negotiations.

National Park Service Land Acquisition
$150 Million Level

Acquisition Management	$8,000,000 - Represents basic costs for management of the land acquisition program, including administration of the planned program of emergencies, hardships, deficiencies and relocations, and accomplishment of donations and exchanges. Also includes a $1.1 million increase over the requested level, which would be used to increase staffing by 10 FTE to 177 FTE and for additional travel, rent, and other administrative costs necessary to implement a program at a $150,000,000 level.

Deficiencies and Relocation	$6,000,000 - As of February 28, 1985, there were 618 tracts in condemnation. Funds would be used to pay anticipated high awards at such areas as Lassen Volcanic National Park, Mammoth Cave National Park, and Gulf Islands National Seashore. Funds would also be used to pay relocation costs that arise as the result of acquiring properties by condemnation or other means of acquisition.
Emergency and Hardships (RA)	$3,000,000 - Funds would be used to acquire hardship and emergency tracts at recently authorized areas for which funds are not otherwise available.
Inholdings	$6,000,000 - After fiscal year 1985, it is anticipated that there will be approximately 2,171 tracts consisting of 31,140 acres of private land remaining in inholding areas. The funds would be used at such areas as Blue Ridge Parkway, Grand Teton National Park, Hot Springs National Park, Olympic National Park, and Yosemite National Park. It is expected that the funds will permit the acquisition of approximately 150 inholding tracts.
Big Cypress National Preserve	$2,000,000 - Approximately 2,300 acres remaining to be acquired. Funds would be used to complete the Land Protection Program.
Delaware Water Gap NRA	$3,000,000 - Funds would be used to continue acquisition of hardship tracts.
Big Thicket N. Pres.	$6,000,000 - No funds were appropriated in FY 1985. Approximately 4,800 acres remain to be acquired. Timber cutting and recreational homesite development present potential threats.
Appalachian Trail	$9,000,000 - Approximately 25,000 acres remaining to be acquired. Funds would be used to acquire necessary trail right-of-way and interest in land for the protection of the trail.
San Antonio Mission NHP	$1,000,000 - Funds would be used to acquire approximately 100 acres to complete the land acquisition program. No funds were appropriated in FY 1985.

Cuyahoga Valley NRA	$5,000,000 - Funds would be used to prevent development. Approximately 8,800 acres remain to be protected.
War in the Pacific NHP	$1,000,000 - Funds would be used to acquire tracts in the Asan Bay area of the park that are threatened with development. Approximately 49 tracts and 239 acres remain to be acquired.
Channel Islands NP	$11,660,000 - The funds are the balance of the statutory ceiling. They, along with prior year appropriations, would be used to purchase the remaining islands.
Manassas NBP	$2,000,000 - 360 acres remain to be protected after FY 1985. The battlefield is threatened with residential and commercial development. Funds would permit the acquisition in fee and easement of approximately 200 acres.
Alaskan Areas	$1,000,000 - Funds would be used to purchase permanent administrative sites where landowners do not wish to exchange lands. High-priority needs are for Wrangell-Saint Elias National Park, Lake Clark National Park, Kenai Fjords National Park and Cape Krusenstern National Monument.
Sequoia NP (Mineral King)	$2,500,000 - Funds would be used to continue the land acquisition program of the Mineral King addition in order to preserve the Sequoia trees and preclude recreational homesite development.
Sleeping Bear Dunes NL	$2,000,000 - Approximately 2,000 acres remain to be acquired. Funds would be used for completion of the Miller Hill unit and to commence acquisition in the Bow Lakes area.
Indiana Dunes NL	$1,000,000 - Funds would be used to complete land acquisition based on the approved Land Protection Plan.
Santa Monica Mtns NRA	$10,000,000 - Funds would be used to continue the land acquisition program in the Upper and Lower Zuma Canyons and Trancas Canyon sections of the park.
Mound City Group NM	$1,000,000 - Funds would be used to acquire lands added by Act of December 2, 1980. The lands contain archeological earthworks that are being destroyed by farming.

Golden Spike NHS	$298,000 - Funds would be used to acquire approximately 530 acres added in 1980. Remains of railroad construction workers' campsites are being threatened with erosion and cattle overgrazing.
Salinas NM	$500,000 - Funds would be used to protect the prehistoric Indian and 17th-century Franciscan Spanish Mission ruins and to provide for public access.
Monocacy NB	$600,000 - Funds would the permit acquisition of approximately 170 acres of Civil War battlefield land that is being threatened with development.
New River Gorge NR	$4,000,000 - Funds would permit the acquisition of approximately 800 acres of river-front and mountain-side land that is threatened with recreational homesite development and mining.
St. Croix NSR	$2,000,000 - Funds would permit the protection of approximately 1,280 acres in either fee or easement acquisition in accordance to priorities established in the Land Protection Plan.
Point Reyes NS	$2,000,000 - Approximately 950 acres remain to be acquired. Funds would permit the acquisition of tracts in the Haggerty Gulch and Inverness Ridge sections to preclude the threat of subdivision and development.
Jean Lafitte NHP	$2,000,000 - Funds would be used to acquire approximately 500 acres in the Protection Zone that the local governments have been unable to protect through zoning.
Saratoga NHP	$204,000 - This unappropriated balance of the statutory ceiling would be used to acquire scenic easement interest on lands that are being threatened with subdivision and development.
Golden Gate NRA	$5,000,000 - Funds would permit the acquisition of land on Sutro Heights and other priority tracts at Tomales Bay, Laquanitas Creek Loop and Devil's Gulch.
Lower St. Croix NSR	$300,000 - It is expected that these funds would complete the land acquisition program.

Antietam NB	$1,000,000 - Funds would be used to acquire scenic easement interest to retain the battlefield, which is threatened by urban development, in open space.
Rocky Mountain NP	$1,000,000 - Funds would be used to acquire land in the boundary expansion area of Kawuneeche Valley, Fall River, Moraine Park, Wild Basin and Indian Head Ranch.
Chattahoochee River NRA	$5,000,000 - Funds would be used to acquire a portion of the remaining 1,330 acres of private land that is being threatened with urban development.
Valley Forge NHP	$1,000,000 - Funds would be used to acquire scenic easement and fee interest to protect the battlefield from commercial and multifamily unit development.
Lyndon B. Johnson NHP	$1,000,000 - The boundary of the historical Park was revised by the Act of December 28, 1980. The funds would permit the acquisition of high priority tracts needed for the protection of the Lyndon B. Johnson ranch.
North Cascades NP	$1,000,000 - Funds would be used to acquire the remaining 7 tracts (226 acres) in North Cascades National Park and 1 tract (155 acres) in Lake Chelan National Recreation Area. The funds would protect the North Cascades tracts from logging and mining. The Lake Chelan tract is threatened by adverse development and would be acquired with a combination of fee and scenic easement.
Appomattox Court House NHP	$50,000 - Funds would be used to acquire fee interest in a 22-acre tract currently protected by an inadequate scenic easement.
Ebey's Landing NHRes	$79,000 - This balance of the statutory ceiling would be used to acquire scenic easements in the Crockett Lake area of the reserve.
Fort Frederica NM	$1,000,000 - Funds would be used to acquire conservation easements over three tracts south of the fort to prevent development.

Virgin Islands NP	$3,000,000 - Approximately 1,560 acres remain to be protected. The funds would be used to acquire waterfront lands on St. John Island that are threatened with development, including a beach front tract in Hawksnest Bay.
Klondike Gold Rush NHP	$350,000 - Funds would be used to acquire 3 native allotments totalling 320 acres that cross the historic Chilkoot Trail.
Inholding	$4,000,000 - Funds would be used to permit the acquisition of an additional 100 inholding tracts.
Voyageurs NP	$1,000,000 - Funds would be used to continue the land acquisition program in the proposed wilderness area on Kabetogama Peninsula and other wilderness area tracts.
Santa Monica Mtns. NRA	$15,459,000 - Funds would be used to continue the land acquisition program in the Zuma and Trancas Canyon areas.
Grant-Kohrs Ranch NHS	$500,000 - Funds would be used to acquire fee over approximately 840 acres now protected by a weak scenic easement that allows incompatible farm and ranch uses.
Sleeping Bear Dunes NL	$2,000,000 - Funds would be used to continue the acquisition program in Bow Lakes, Tucker Lake units and to commence land acquisition in the Benzie County Scenic Corridor.
Cuyahoga Valley NRA	$5,000,000 - Funds would be used to continue the acquisition in fee and easement of undeveloped land that is being threatened with development.
Gulf Islands NS	$500,000 - The funds would be used to acquire the remaining 550 acres of private land on Horn Island. This island has been identified as a potential wilderness addition.
Point Reyes NS	$1,000,000 - Funds would be used to complete the acquisition of scenic easement interest in the Inverness Ridge area and to commence acquisition in the Tomales Bay area of the seashore.
War in the Pacific NHP	$1,000,000 - Funds would be used to continue the land acquisition program with emphasis on hardship acquisitions.

Cumberland Island NS	$2,000,000 - Funds would be used to acquire high priority tracts including tracts in the potential wilderness area.
Appalachian Trail	$2,000,000 - Funds would be used to accelerate the land acquisition program in the States of Maine and Pennsylvania.
Virgin Islands NP	$2,000,000 -Funds would be used to acquire additional private tracts on St. John Island.
Voyageurs NP	$1,000,000 - Funds would be used to accelerate the land acquisition program, with emphasis on the remaining tracts in the proposed wilderness areas and lakeshore tracts where potential for development is high.
Total:	$150,000,000

Land and Water Conservation Fund (FWS)

With respect to the Fish and Wildlife Service (FWS), projects for land acquisition have been identified through a Service planning process and emphasize important, threatened wildlife habitat for the conservation of endangered and threatened species, for habitat specifically authorized by Acts of Congress, and for additions to existing refuges.

The Fish and Wildlife Service informs me that they maintain a realty staff in each Region to work toward acquisition of all funded projects. FWS states its staff is not hired for specific projects, therefore, it cannot indicate specific staffing needs by project. However, should $75 million be appropriated to the Service, the FWS believes 5 FTEs proposed for reduction in the FY 1986 budget would need to be retained. The FWS also believes an additional $1.0 million for Acquisition Management would also be necessary at the $75.0 million level of funding.

The following is a list, in priority order, of the Service's highest priority acquisition projects as determined by the FWS.

1. Lower Rio Grande Valley, Texas ($14,000,000) - Acquisition of many available willing seller tracts would protect remaining brushland habitat along the Rio Grande River that supports a unique collection of endangered and migratory species.

2. Hawaiian Forest Birds, Hawaii ($10,250,000) -Acquisition would continue project initiated with FY 1985 funding to protect habitat for several endangered Hawaiian forest birds.

3. Ozark Big-eared Bat, Oklahoma ($650,000) - Acquisition estimated to complete caves and adjacent foraging habitat for two endangered bats.

4. Florida Panther/Fakahatchee Strand, Florida ($7,500,000) Acquisition estimated to complete preservation of habitat for several endangered species and a unique assemblage of subtropical fauna and flora.

5. Amargosa Pupfish/Ash Meadows, Nevada ($600,000) - Acquisition estimated to complete protection of desert springs habitat for several endangered species.

6. Lower Suwannee, Florida ($5,250,000) - Acquisition of two large tracts would add to the 23,000-acre refuge currently managed by the Service for wetland-associated wildlife.

7. Key Deer, Florida ($3,000,000) - Acquisition would continue to protect habitat for endangered key deer on No Name Key.

8. San Francisco Bay, California (S1,500,000) - Acquisition estimated to complete preservation of a natural area in a large urban environment that provides habitat for four endangered species, plus shorebirds, waterfowl and harbor seals.

9. Connecticut Coastal, Connecticut ($1,030,000) - Would continue acquisition of wading and shorebird habitat begun with FY 1985 appropriations.

10. Minnesota Valley, Minnesota ($2,570,000) - Acquisition would continue to preserve the ecological integrity of the existing refuge established to support wetland wildlife and unique upland associations in an urban environment.

11. Great Dismal Swamp, North Carolina/Virginia ($2,500,000) Acquisition would continue to protect a diverse collection of flora and fauna associated with the wetland ecosystem.

12. Coachella Valley Fringe-toed Lizard, California ($5,000,000) Acquisition estimated to complete the Service's commitment for protection of habitat for this endangered species as part of a Habitat Conservation Plan developed by local government and private interests.

13. Cape Charles, Virginia ($1,900,000) - Acquisition would begin to supplement lands acquired through transfer of the Air Force base to FWS in FY 1984 in order to preserve feeding and resting grounds for migrating raptors, passerine birds and waterfowl.

14. Pahranagat Roundtail Chub, Nevada ($250,000) - Acquisition of conservation easements would complete protection of habitat for the entire population of this endangered fish and two other species proposed for Federal endangered status.

15. Bon Secour, Alabama ($4,000,000) - Acquisition of fragile barrier island habitat important to migrating species would continue, should the refuge be reauthorized.

16. Blunt-nosed Leopard Lizard, California ($2,500,000) - Acquisition would resume to preserve habitat in the San Joaquin Valley for two endangered species.

17. Bogue Chitto, Mississippi and Louisiana ($2,000,000) - Acquisition would continue to protect a unique backwater swamp/bottomland hardwood forest along the lower Pearl River. Further acquisition is contingent on reauthorization of the refuge.

18. National Elk, Wyoming ($3,625,000) - Acquisition would resume to protect wintering habitat and a historic migration route for the Jackson Hole elk herd and to protect the integrity of the existing refuge within the 1916 Executive Order boundary.

19. Great Swamp, New Jersey ($1,850,000) - Acquisition would resume to protect one of the largest undisturbed wetland areas in the State providing wildlife habitat and wildlife-oriented public benefits.

20. Trempealeau, Wisconsin ($425,000) - Acquisition would resume to preserve wetlands for resident and migratory bird species and to provide wildlife-oriented public use.

21. Wertheim, New York ($1,200,000) - Acquisition would resume to preserve wetlands in the Carmens River watershed that provide wildlife habitat and wildlife-oriented public use within an hour's drive of New York City.

22. Fox River, Wisconsin ($350,000) - Acquisition estimated to complete preservation of wetland habitat for migratory birds.

23. Cedar Keys, Florida ($500,000) - Acquisition would resume to protect colonial bird habitat within the July 1929 Executive Order boundary.

24. Trustom Pond, Rhode Island ($1,250,000) - Acquisition estimated to complete preservation of wildlife habitat associated with an undeveloped tidal pond complex.

25. Tinicum National Environmental Center, Pennsylvania ($1,300,000) - Acquisition would resume to preserve the last intact freshwater tidal marsh in the State located adjacent to a large urban community.

Land and Water Conservation Fund (BLM)

The Bureau of Land Management (BLM) has informed me that in recent years, land acquisition proposals have stressed only the most urgent acquisitions that should not be postponed. BLM states that its acquisition has focused primarily on completing priority land acquisitions within previously authorized areas. If Congress were to appropriate funding in FY 1986 for the BLM land acquisition program, BLM believes the priority should be to acquire the lands necessary to complete acquisition plans for previously authorized or appropriated Land and Water Conservation Fund (LWCF) projects. Other proposed acquisition projects identified through management planning would be assigned a lower priority by BLM.

The following is a list in priority order, as determined by BLM, of the highest priority acquisition projects. Each is a Land and Water Conservation Fund project for which prior appropriations have been received and BLM has already committed funds.

1. King Range National Conservation Area, California ($3,250,000, 6 FTE) - The BLM would complete all acquisitions identified in the approved management plan for management of the King Range National Conservation Area.

2. Pacific Crest Trail, California ($320,000, 4 FTE) - The BLM would acquire the final segments of the trail to complete the acquisition plan for its areas of responsibility for the trail between Canada and Mexico.

3. Bizz Johnson Trail, California ($155,000, 1 FTE) - Acquisition would be completed for the final segments of the trail to permit continuous public access along the entire trail route.

4. Rio Grande Wild and Scenic River, New Mexico ($20,000, 0 FTE) - Acquisition of the James tracts will complete acquisitions on this project.

5. Upper Missouri Wild and Scenic River, Montana ($4,000,000, 2 FTE) - All private properties adjacent to the river would be acquired. Exchange negotiations have not been successful, and acquisition is the only other alternative.

It should be noted that only two of the above projects have unappropriated authorizations remaining: King Range NCA ($2,682,000) and Upper Missouri WSR ($306,000).

In weighing the Department's competing responsibilities, we continue to believe that, in general, further land acquisitions are of lower priority and can be deferred. I understand that BLM plans to continue to acquire high-priority lands in these and other areas through exchange wherever possible.

Land and Water Conservation Fund (State)

Question: Please furnish us with the staffing needs and a State-by-State allocation for a funding level of the State side of the Land and Water Fund at a level of $75 million and at a level of $100 million. Also, please furnish for the committee, by State, a table showing the level of unobligated funds.

Answer: I have been informed that funding at the level of $75 million or $100 million for fiscal 1986 would require an administrative level at least equivalent to that of fiscal 1985. The fiscal 1985 level was $4.347 million. I understand that a carryover of $1.8 million from unobligated administrative and contingency reserve funds is anticipated to be available for partial support of FY 1986 administrative activities.

The following tables show hypothetical State-by-State allocations at funding levels of $75 million and $100 million. These allocations, prepared by NPS, are based upon the existing formula and might vary slightly based upon State outlay achievements during the current fiscal year.

Also following is a financial report prepared by NPS depicting as of February 28, 1985, the unobligated balance of apportionments for each State.

ALLOCATION OF L&WCF GRANT FUNDS
AT HYPOTHETICAL $ 75 MILLION LEVEL

STATE	AMOUNT	STATE	AMOUNT
Alabama	$ 1,291,093	New Hampshire	$ 742,059
Alaska	651,531	New Jersey	2,179,944
Arizona	1,122,021	New Mexico	792,397
Arkansas	938,292	New York	4,356,198
California	5,804,254	North Carolina	1,584,137
Colorado	1,175,887	North Dakota	685,654
Connecticut	1,248,286	Ohio	2,776,864
Delaware	699,400	Oklahoma	1,122,214
Florida	2,652,094	Oregon	1,073,020
Georgia	1,562,258	Pennsylvania	3,017,129
Hawaii	782,435	Rhode Island	793,827
Idaho	709,140	South Carolina	1,143,321
Illinois	2,912,677	South Dakota	674,579
Indiana	1,631,862	Tennessee	1,422,319
Iowa	1,037,853	Texas	3,468,623
Kansas	972,106	Utah	882,181
Kentucky	1,172,597	Vermont	656,193
Louisiana	1,355,009	Virginia	1,603,223
Maine	752,128	Washington	1,426,145
Maryland	1,486,367	West Virginia	881,978
Massachusetts	1,785,767	Wisconsin	1,465,912
Michigan	2,492,578	Wyoming	646,799
Minnesota	1,337,515	District of Col.	236,241
Mississippi	937,866	Puerto Rico	1,014,540
Missouri	1,496,376	Virgin Islands	23,899
Montana	694,363	Guam	26,456
Nebraska	838,191	American Samoa	8,099
Nevada	751,915	Northern Marianas	4,190

ALLOCATION OF L&WCF GRANT FUNDS
AT HYPOTHETICAL $100 MILLION LEVEL

STATE	AMOUNT	STATE	AMOUNT
Alabama	$ 1,721,457	New Hampshire	$ 989,412
Alaska	868,708	New Jersey	2,906,592
Arizona	1,496,028	New Mexico	1,056,529
Arkansas	1,251,057	New York	5,808,264
California	7,739,006	North Carolina	2,112,182
Colorado	1,567,849	North Dakota	914,205
Connecticut	1,664,382	Ohio	3,702,485
Delaware	932,534	Oklahoma	1,496,286
Florida	3,536,125	Oregon	1,430,693
Georgia	2,083,011	Pennsylvania	4,022,838
Hawaii	1,043,247	Rhode Island	1,058,436
Idaho	945,520	South Carolina	1,524,428
Illinois	3,883,569	South Dakota	899,439
Indiana	2,175,816	Tennessee	1,896,425
Iowa	1,383,804	Texas	4,624,830
Kansas	1,296,141	Utah	1,176,242
Kentucky	1,563,462	Vermont	874,924
Louisiana	1,806,679	Virginia	2,137,631
Maine	1,002,838	Washington	1,901,527
Maryland	1,981,822	West Virginia	1,175,971
Massachusetts	2,381,023	Wisconsin	1,954,549
Michigan	3,323,437	Wyoming	862,399
Minnesota	1,783,353	District of Col.	314,988
Mississippi	1,250,488	Puerto Rico	1,352,719
Missouri	1,995,168	Virgin Islands	31,865
Montana	925,817	Guam	35,275
Nebraska	1,117,588	American Samoa	10,799
Nevada	1,002,554	Northern Marianas	5,586

NATIONAL PARK SERVICE
GRANT-IN-AID APPORTIONMENT REPORT

NAME	NET APPORTIONMENT SUM	FEDERAL SHARE APPROVED PROJECTS	UNOBLIGATED BALANCE OF APPORTIONMENTS
ALABAMA	48,004,968.59	46,673,314.84	1,331,653.75
ALASKA	25,745,561.79	24,482,133.01	1,263,428.78
ARIZONA	41,663,179.99	41,537,429.53	125,750.46
ARKANSAS	36,769,654.97	36,336,996.00	432,658.97
CALIFORNIA	209,858,034.54	205,188,776.03	4,669,258.51
COLORADO	44,222,700.96	43,260,550.62	962,150.34
CONNECTICUT	47,722,496.39	46,732,872.26	989,624.13
DELAWARE	27,329,662.50	26,759,417.57	570,244.93
DIST.OF COLUMBIA	12,487,761.75	12,296,436.03	191,325.72
FLORIDA	88,931,699.73	86,282,893.73	2,648,806.00
GEORGIA	59,903,480.81	58,557,626.59	1,345,854.22
HAWAII	28,132,724.08	26,510,956.12	1,621,767.96
IDAHO	29,166,313.37	28,600,119.12	566,194.25
ILLINOIS	122,280,226.58	119,116,547.42	3,163,679.16
INDIANA	64,153,546.08	62,656,305.87	1,497,240.21
IOWA	41,417,732.66	40,030,534.45	1,387,198.21
KANSAS	38,144,368.46	37,457,921.08	686,447.38
KENTUCKY	44,663,828.04	43,271,066.96	1,392,761.08
LOUISIANA	54,524,616.64	54,428,582.09	96,034.55
MAINE	29,096,111.89	28,458,786.09	637,325.80
MARYLAND	52,999,586.61	52,791,872.39	207,714.22
MASSACHUSETTS	72,482,271.99	71,010,471.05	1,471,800.94
MICHIGAN	99,593,144.65	96,478,103.43	3,115,041.22
MINNESOTA	53,734,180.24	53,631,144.21	103,036.03
MISSISSIPPI	34,985,926.48	33,924,280.84	1,061,645.64
MISSOURI	65,603,392.38	63,835,754.62	1,767,637.76
MONTANA	28,849,319.90	28,099,531.84	749,788.06
NEBRASKA	34,104,725.72	33,583,261.27	521,464.45
NEVADA	29,218,608.27	28,584,330.01	634,278.26
NEW HAMPSHIRE	27,483,185.23	26,410,178.37	1,073,006.86
NEW JERSEY	90,299,230.99	89,015,266.99	1,283,964.00
NEW MEXICO	30,761,761.85	30,303,185.24	458,576.61
NEW YORK	181,611,045.93	179,696,289.34	1,914,756.59
NORTH CAROLINA	56,381,193.53	54,675,638.90	1,705,554.63
NORTH DAKOTA	26,183,729.21	25,474,270.02	709,459.19
OHIO	113,595,662.45	110,686,698.46	2,908,963.99
OKLAHOMA	41,828,058.78	40,790,318.73	1,037,740.05
OREGON	44,695,880.59	44,572,008.87	123,871.72
PENNSYLVANIA	129,451,682.12	126,692,751.55	2,758,930.57
RHODE ISLAND	28,452,548.64	27,614,242.13	838,306.51
SOUTH CAROLINA	43,853,678.82	42,384,662.77	1,469,016.05
SOUTH DAKOTA	27,986,129.40	27,309,478.55	676,650.85
TENNESSEE	54,451,662.88	53,275,629.36	1,176,033.52
TEXAS	124,829,648.50	124,420,779.65	408,868.85
UTAH	36,517,184.10	35,660,847.26	856,336.84
VERMONT	24,495,540.28	23,878,243.61	617,296.67
VIRGINIA	61,360,203.26	59,901,958.91	1,458,244.35
WASHINGTON	51,902,564.71	50,934,098.52	968,466.19
WEST VIRGINIA	33,892,841.21	32,722,986.29	1,169,854.92
WISCONSIN	58,033,118.68	56,461,387.62	1,571,731.06
WYOMING	25,301,633.79	24,566,839.35	734,794.44
AMERICAN SAMOA	808,826.43	801,826.43	7,000.00
GUAM	1,383,350.38	1,383,349.73	.65
NORTHERN MARIANN	8,736.00	4,073.00	4,663.00
PUERTO RICO	29,441,643.06	28,778,041.95	663,601.11
VIRGIN ISLANDS	1,562,929.12	1,458,334.71	104,594.41
	2,912,363,496.00	2,850,451,401.38	61,912,094.62

Historic Preservation Fund

Question: Please furnish us with the staffing needs and a State-by-State allocation for a funding level for the Historic Preservation Fund at a level of $20 million and at a level of $25 million.

Answer: Following is an apportionment schedule prepared by NPS for the two levels of funding. I understand these amounts do not include the $4.5 million normally appropriated for the National Trust for Historic Preservation. I have been informed that the cost for program administration would remain at the current level of $1.17 million and 25 FTE's.

Historic Preservation Fund
FY 1985 Apportionment
For Appropriations of $20 and $25 Million

STATE	FY 1985 AWARDS $20 Million Appropriation	 $25 Million Appropriation
Alabama	388865	486081
Alaska	253342	316678
Am. Samoa	44018	55023
Arizona	297776	372220
Arkansas	323663	404579
California	675198	843998
Colorado	405990	507487
Connecticut	408456	510570
Delaware	279977	349971
Dist. Col.	216341	270426
Florida	421692	527115
Georgia	489245	611556
Guam	136858	171073
Hawaii	196980	246225
Idaho	317773	397216
Illinois	401307	501634
Indiana	329100	411375
Iowa	321063	401329
Kansas	169536	211920
Kentucky	548929	686161
Louisiana	399724	499655
Maine	303764	379705
Maryland	564704	705880
Massachusetts	572071	715088
Michigan	472316	590395
Minnesota	389427	486784
Mississippi	285540	356925
Missouri	495079	618849
Montana	292078	365098
Nebraska	221456	276820
Nevada	178377	222971
New Hampshire	258592	323240
New Jersey	375371	469214
New Mexico	377838	472297
New York	721588	901985
North Carolina	433902	542378
North Dakota	188621	235776
C.N.M.I.	113473	141841
Ohio	615311	769139
Oklahoma	344293	430366
Oregon	319641	399551
Pennsylvania	599207	749008
Puerto Rico	202239	252799
Rhode Island	382999	478749
South Carolina	394206	492757
South Dakota	309216	386520
Tennessee	377808	472260
Texas	494300	617875
Trust Territory	212390	265488
Utah	336923	421153
Vermont	289304	361630
Vir. Islands	219934	274917
Virginia	379596	474495
Washington	328428	410535
West Virginia	275975	344968
Wisconsin	366490	458112
Wyoming	281711	352138
TOTALS	20000000	25000000

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

Abandoned Mine Reclamation Program

Question: Mr. Secretary, on another matter, I have strong and continuing interest in the Abandoned Mine Reclamation program which is administered by the Office of Surface Mining (OSM). I notice that the FY 1986 budget request for State grants drops sharply from $257.7 million in FY 1985 to $211.2 million in FY 1986, despite a projected balance of nearly $350 million at the end of FY 1986. In view of the large continuing surplus in this fund, why does the grant level to the States decline so sharply?

Answer: I am informed by OSM that the proposed funding level for State Reclamation Program grants is based on two factors: (1) the need to ensure that the Abandoned Mine Reclamation Fund can provide continuing support to States and (2) the States' obligation rates for grants, which do not justify maintenance of the appropriation at the 1985 level.

OSM states that if current funding levels were maintained, the fund's ability to support State programs would be threatened starting in FY 1988. The reserve that accumulated during the fund's early years is being rapidly drawn down. I understand that appropriations for State grants have increased rapidly--by almost $200 million since 1982--while receipts have held steady. Further increases in grants would prematurely draw down reserves and require using current-year collections for funding State requests. Consequently, grant requests would have to be reduced far more drastically than the current proposal, and some State reclamation programs may be endangered.

The States' obligation rates indicate that they do not require funding at the 1985 level. I am informed by OSM that at the end of FY 1984, only 30 percent or $157 million of the $529 million in cumulative reclamation grants had been obligated by the States. Given the unobligated carryover into FY 1985 of $372 million, plus the very high appropriation level of $258 million in 1985, I believe the requested appropriation level for 1986 is adequate. The funding level proposal for 1986 will avoid sudden changes in funding that would inhibit effective program management. The grant level will more realistically reflect the States' abilities to obligate funds.

Question: Has the Office of Surface Mining completed its apportionment of total AML funds to the States?

Answer: OSM is assessing various options for carrying out apportionment and will submit recommendations for my review and approval this Spring.

Question: May I have your commitment that any such apportionment will be reviewed by this Committee before it is finalized?

Answer: I am informed by OSM that the Department previously made the commitment to consult with the Committee if a change in apportionment policy was proposed. I stand by that commitment and will consult with the Committee before making a final policy decision.

Questions Submitted by Senator Patrick J. Leahy

Appalachian National Scenic Trail

Question: Could you please provide me with a status of all Appalachian Trail purchases in Vermont?

Answer: When the National Trail System Act was amended in March 1978 there were some 53 miles of trail requiring protection in Vermont. I have been informed by the NPS that as of September 30, 1984, 34 miles have been protected at a cost of $3.4 million inclusive of administrative and technical cost. I understand that negotiations are underway with a majority of the land owners, and steady progress continues. Nonetheless, NPS states that there are several segments of the trail not relocated onto the newly acquired land because agreements have not been reached with a few landowners.

Question: How much additional acquisition is necessary to complete the trail in Vermont?

Answer: I am informed by NPS that after fiscal year 1984, there remained approximately 19 miles of trail to be protected at an estimated cost of $2.5 million.

Question: On what schedule will purchases be completed?

Answer: The schedule being pursued would have completed the trail protection program in Vermont in fiscal year 1988. However, the need to restrain Federal expenditures and reduce the budget deficit have caused the President's budget to include a 3-year moratorium on land acquisition. Under this proposal, our purchases would obviously be delayed.

Vermont Fish Hatchery Construction and Operation

Question: Could you please inform me of the status of discussions between the Department of the Interior and the State of Vermont concerning the eligibility of the State of Vermont for fish hatchery construction and operation funds under the new Dingell-Johnson legislation?

Answer: I am informed by the Fish and Wildlife Service that Service personnel met this past February with the Vermont Fish and Game Department and a member of your staff to clarify how regulations for the new Dingell-Johnson program will apply to Vermont. I am told that in order to qualify for Federal Aid in Sport Fish Restoration reimbursement, fish stocking must be of the "put-grow-and-take" variety. FWS states that only about 20 to 25 percent of the current stocking program in Vermont meets this criteria. I have been informed, however, that as a result of the earlier meeting, the State is reviewing its fishery management program to determine if adjustments can be made in stocking practices to increase the level of enhancement activities. FWS states results are expected in the near future, at which time it will be able to determine how it can assist Vermont in qualifying for increased Federal aid funding for hatchery operations. With respect to hatchery construction, the Fish and Wildlife Service has advised me that its current policy would not provide for construction of a "put-and-take" hatchery in Vermont and other States using Dingell-Johnson funds. However, the Service is currently considering changes to this policy to allow states to use these funds for hatchery construction regardless of the purpose of production.

QUESTIONS SUBMITTED BY SENATOR LOWELL P. WEICKER, JR.

Trust Territory Transition

Question: Interior proposes to end all activities in the Federated States of Micronesia and Republic of the Marshall Islands. It seems that this sudden shift in policy could have serious repercussions. What about the mechanics of transition?

Answer: We do not believe this is a sudden shift in policy or that the mechanics of transition are an obstacle to an orderly transition. The Administration has been phasing down the Trust Territory Government for the past four years. Most functions have already been assumed by the new constitutional governments in Micronesia. The only functions remaining in the Trust Territory Government are those that cannot be delegated, such as serving as a clearinghouse for Federal programs, legal advice, defense of the Trust Territory Government, oversight of construction projects, and maintenance and security of Trust Territory property. Although the Department is attempting to achieve additional staffing and cost efficiencies, these functions are expected to continue as long as there is a Trusteeship responsibility.

Question: What will happen to oversight of ongoing projects?

Answer: The Department will continue to oversee ongoing projects until completion. The FY 1986 budget includes sufficient staff and funds to meet this responsibility.

Question: Who will train Territorial and State Department personnel to assume oversight responsibilities?

Answer: Territorial personnel have received a significant amount of training from the Department of the Interior in addition to on-the-job experience over the past several years. Additional training could be made available to Territorial personnel at any time under the Technical Assistance program in the Department of the Interior. Federal training is always available for State Department personnel, as appropriate.

Question: Please provide the Committee with a copy of any specific plans the Department has developed to mitigate the impact of Interior's withdrawal from these insular areas.

Answer: The Department has been phasing down the Trust Territory Government and turning over responsibilities to the Micronesian governments for several years now. We believe the Micronesian governments are fully prepared to assume all remaining responsibilities when the Compact is implemented.

Question: Does the Administration have any difficulties with how the Department of Interior has handled relations with the Trust Territory?

Answer: The Department is not aware of any difficulties the Administration has had with how it has handled relations with the Trust Territory.

Question: If not, then why is the funding being shifted away from Interior?

Answer: The shift in funding is based on a decision made several years ago that the new sovereign status of the Micronesian governments could best be administered by an interagency group. Administrative responsibilities for the interagency group would be handled by the Department of State.

Question: Compact funding is not included in the Interior Department request. Does this indicate that the Administration does not want to encourage involvement of the Interior Department in post-Compact relations with the Trust Territory?

Answer: No, it does not. The Department of the Interior would have an active role in the interagency group.

Question: Your budget for the Trust Territories assumes passage of the Compact of Free Association and the availability of Compact funding in FY 86. What will be the Department's response if it becomes clear that the Compact funding will not be available by the beginning of FY 86?

Answer: If Compact funding is not available in FY 1986, the Department will seek budget adjustments to ensure sufficient funding is available for the continuing support of government operations in the Federated States of Micronesia, and also the Republic of the Marshall Islands.

Question: Is it not true that the Department of the Interior has more experience in the infrastructure development and extension of domestic programs to the Trust Territories than any other Federal agency?

Answer: Yes, that is true, but the U.S. relationship with these governments is changing and will require State Department experience in dealing with foreign governments. The Department of the Interior, through its representation on the interagency group, will still be able to contribute its expertise with regard to domestic programs.

Question: What were the budget requests for the Federated States of Micronesia and the Republic of the Marshall Islands for FY 1986?

Answer: The FY 1986 budget request assumed Compact implementation by October 1, 1985. Therefore, no funds were requested in FY 1986 for either the Federated States of Micronesia or the Republic of the Marshall Islands. For comparative purposes, in FY 1985, The Department requested $40.4 million for operations and $17.4 million for construction projects for the Federated States of Micronesia (FSM) in FY 1985. The FSM requested an additional $336,000 for operations and an additional $17.34 million for construction. The final appropriation was $40.342 million for operations and $15.42 million for construction.

For the Marshall Islands, in FY 1985, the Department requested $11.5 million for operations and $2.6 million for construction. The Marshalls requested an additional $4.5 million for operations and an additional $12.1 million for construction. The final appropriation was $11.4 million for operations and $3.4 million for construction.

Federated States of Micronesia Capitol

Question: The United States Government commited itself to the completion of a capitol for the Federated States of Micronesia. Would you please provide the most recent cost estimate for the completion of this capitol, the disposition of funds which have been appropriated for the project and the schedule of construction to completion.

Answer: I have been informed by TIA that the United States has agreed to contribute $15 million toward construction of a new capitol. I understand the FSM has completed the design for a capitol that would cost approximately $23.8 million. To date, the Congress has appropriated just under $6 million, including $2.1 million for architectural engineering and design and $3.9 million to begin construction. TIA states that construction has not yet begun, so we do not yet have a firm schedule for construction completion.

Reduction in Territorial and International Affairs

Question: What special management initiatives and efficiencies have allowed for a 20 percent reduction in OTA staffing?

Answer: The current program in OTIA focuses on increasing the efficiency and reducing the size of the territorial governments. We could not in good conscience ask the territorial governments to take such actions without seeking to make similar efforts in our own operations. Efficiencies that are being instituted include the stationing of field representatives in each of the U.S. territories and installing better communications equipment in the Washinston office and the territorial offices. Taken together, these steps will result in less headquarters staff work and travel time and thus allow a reduction in the aggregate number of staff years expended by OTA.

Question: The budget states that the reduction of the technical assistance budget from 5 to 2.2 million dollars will allow a larger number of smaller projects to be funded than in the past. Is it the Department's position that technical assistance should only be used for smaller projects? If so, are larger projects to receive special appropriations?

Answer: The Department's preference is that the technical assistance appropriation include only projects that require the direct assistance of and project supervision by Federal personnel. This would be true regardless of the size of the project, although most of these tend to be smaller projects. Most other projects, including construction, pre-construction, and other special programs should be funded as a special grant appropriation, whereby the territorial government has the major responsibility for project administration, and the Department's role is more one of general oversight and ensuring that grant requirements are met.

Trust Territory Capital Improvement Projects

Question: Could the Department please comment on the need for, cost, and planning status of the following projects:

-- Upgrading local phone systems of Truk and Pohnpei States, FSM.

-- New hospital facilities in Palau.

-- Airstrips in the southwest islands of Palau to provide for fisheries surveillance and emergency transportation.

-- Port facility improvements in Saipan.

-- Sewer improvements in Palau.

-- New capitol in Majuro.

Answer: OTIA is not familiar with any specific request for upgrading local phone systems in Truk and Pohnpei. However, I understand that the Compact of Free Association will provide $6 million to the FSM for communications, of which $3 million will go to Truk and Pohnpei. I am informed by TIA that this money is in addition to the current operations account and may be used for upgrading local systems.

I understand the Republic of Palau was provided money several years ago to design a new hospital facility. We have been informed by Palau that the design work is completed on a $14 million facility, but we have not seen the design or any specifics on the project, and therefore have not had a chance to perform any kind of review.

TIA informs me the request for airstrips in the southwest islands of Palau is also recent and TIA has not had an opportunity to evaluate the proposal. I am told this proposal is outside the 5-year capital improvement program that the Department commited to fund. The Compact of Free Association provides funding for surveillance of fisheries that, I am told by TIA, may be used for the airstrip construction.

The Department believes that there is a need for improved port facilities in Saipan and is aware of planning work that has been performed by the Northern Marianas government. However, we are of the opinion that this project is of significant commercial value and that the private sector should participate in funding such an effort. We have agreed to help the NMI in seeking private sector funding. The Department is not aware of any specific proposal for additional sewer improvements in Palau. I understand there was an appropriation of $800,000 in FY 1985 for sewer improvements and that work on this project is in progress.

I am informed by TIA that the United States has agreed to contribute $3 million toward construction of a capitol facility on Majuro. TIA states the Marshalls has completed the design for a $7 million structure and is awaiting appropriation of the remaining commitment of $2.6 million before they begin construction.

Unobligated Funds for Capital Improvement Projects

Question: Would you please list the amount of unobligated and unspent funds for each of the territories and name the projects for which they were intended?

Answer: The information is only readily available for the U.S. territories and is provided in the following tables prepared by TIA. To prepare a similar table for Trust Territory construction, we must obtain and compile data that is maintained by the Micronesian governments and the Navy Officer-in-Charge of Construction (OICC). We will attempt to obtain that information and provide the Committee with a table for the Trust Territory construction as soon as possible.

AMERICAN SAMOA
STATUS OF ACTIVE CIP

Project	Fiscal Year	Grant Amount	Drawdowns to Date	Grant Balance	AS Expenditures to Date	Unexpended Grant Authority
Dock Expansion	1981	$4,950,000	$4,950,000	-0-	$4,224,328	$725,672
Dining Facilities	1981	450,000	450,000	-0-	448,749	1,251
Marine Railway	1981	1,800,000	1,800,000	-0-	1,641,532	158,468
Tafuna Road	1981	450,000	450,000	-0-	459,955	(9,955)
Power	1981	319,865	319,865	-0-	319,865	-0-
Samoana H.S. Classroom	1982	605,000	605,000	-0-	428,506	176,494
Vocational Educ. Bldg.	1982	346,000	346,000	-0-	68,454	277,546
School Buses	1982	173,000	173,000	-0-	136,785	36,215
Manua Water System	1982	360,000	360,000	-0-	103,935	256,065
Fagamalo Rd. Drain	1982	1,382,000	1,382,000	-0-	778,714	603,286
Satala Plant Generator	1982	1,440,000	1,440,000	-0-	1,440,000	-0-
Ofu Dock	1982	259,000	259,000	-0-	224,065	34,935
Village Water System	1982	511,107	511,107	-0-	212,664	298,443
Fishing Dock Support Facility	1982	605,000	605,000	-0-	227,064	377,936
Village Water System Extension	1982	211,000	211,000	-0-	197,940	13,060
Pump Purchase Rehab.	1982	135,000	135,000	-0-	124,702	10,298
Malaeimi Waterline	1982	45,000	45,000	-0-	29,999	15,001
Water System Leak Detection	1982	14,400	14,400	-0-	45,118	(30,718)
Aua/Leloaloa Waterline	1982	270,000	270,000	-0-	239	269,761
Generator	1982	1,500,000	1,500,000	-0-	1,500,000	-0-
Unassigned	1982	742,493	742,493	-0-	83	742,410
Tugboat	1983	810,000	-0-	810,000	-0-	810,000
Schools	1983	517,000	-0-	517,000	9,492	507,508
Roads	1983	450,000	-0-	450,000	29,060	420,940
Power	1984	4,000,000	4,000,000	-0-	4,000,000	-0-
Marine Railway	1984	1,000,000	500,000	500,000	900,000	100,000
Power	1985	1,639,000	500,000	1,139,000	500,006	1,139,000
Marine Railway	1985	1,960,000	-0-	1,960,000	-0-	1,960,000
Admin. Bldg.	1985	1,470,000	-0-	1,470,000	-0-	1,470,000
Housing Mortgages	1985	980,000	-0-	980,000	-0-	980,000
Totals		29,394,865	21,568,865	7,826,000	18,051,249	11,343,616

GUAM
STATUS OF ACTIVE CIP

Project	Fiscal Year	Grant Amount 1/	Drawdowns to Date	Grant Balance	Guam Expenditures to Date 2/	Unexpended Grant Authority
Emergency Generators	1978	1,092,000	1,092,000	-0-	1,066,574	25,426
Water lines - North/ South & Central	1979	5,475,000	5,475,000	-0-	5,361,335	113,665
Guam Penitentiary	1980	8,274,000	8,274,000	-0-	7,354,966	919,034
Dededo Reservoir	1980	2,263,000	2,263,000	-0-	2,137,363	125,637
Waterline-Agat/Santa Rita	1981	3,200,000	3,200,000	-0-	2,824,255	375,745
Six Deep Wells	1981	675,000	675,000	-0-	272,677	402,323
Waterline Relief - Tumon	1981	100,000	100,000	-0-	-0-	100,000
Waterline - Mongmong/Maite	1981	568,000	568,000	-0-	513,760	54,240
Waterline - Agana/Asan	1981	950,000	950,000	-0-	7,152	942,848
Agat - Santa Rita Jr./Sr. High	1981	2,655,000	2,655,000	-0-	2,644,684	10,316
School Repair & Renovation	1981	4,095,000	4,095,000	-0-	2,766,358	1,328,642
Waterline - Yigo/Mangilao	1982	1,023,000	949,837	73,163	962,939	60,061
Bridges	1982	3,597,000	2,521,498	1,075,502	981,208	2,615,792
High School Equipment	1982	1,133,000	1,133,000	-0-	1,050,210	82,790
Rt. 11 A	1982	1,469,000	367,250	1,101,750	209,544	1,259,456
Crime Lab Renovation	1982	130,000	130,000	-0-	-0-	130,000
Wells	1982	998,000	997,998	2	974,929	23,071
Recreation Building	1982	259,000	259,000	-0-	252,750	6,250
Waterlines- Dededo/Mangilao/Windward Hills/Chalan Pago	1983	2,567,000	330,000	2,237,000	161,855	2,405,145
Harbor of Refuge	1983	1,485,000	371,250	1,113,750	193,352	1,291,648
Dock Facility	1983	1,320,000	330,000	990,000	440,000	880,000
Northern Area Health Center	1983	1,000,000	99,740	900,260	-0-	1,000,000
Tumon Bay	1984	11,350,000	767,500	10,582,500	410,381	10,939,619
Memorial Hospital	1985	5,610,000	-0-	5,610,000	-0-	5,610,000
Totals		61,288,000	37,604,073	23,683,927	30,586,292	30,701,708

1/ Grant amounts have been adjusted to reflect approved reprogrammings.

2/ Expenditure figures are as of September 30, 1984.

VIRGIN ISLANDS
STATUS OF ACTIVE CIP

Project	Fiscal Year	Grant Amount	Drawdowns to Date	Grant Balance	VI Expenditures to Date	Unexpended Grant Authority
Detention Center	1983	$1,500,000	$ 92,500	$1,407,500	$ 4,445	$1,495,555
Water and Power Planning	1983	1,000,000	231,500	768,500	88,060	911,940
Detention Center	1984	1,500,000	129,500	1,370,500	4,445	1,495,555
Water Distribution	1984	1,000,000	-0-	1,000,000	-0-	1,000,000
Total		$5,000,000	$453,500	$4,546,500	$96,950	$4,903,050

NORTHERN MARIANA ISLANDS
STATUS OF ACTIVE CIP

Project	Fiscal Year	Grant Amount	Drawdowns to Date	Grant Balance	NMI Expenditures to Date	Unexpended Grant Authority
Hospital	1983	$10,000,000	$8,196,568	$ 1,803,432	$4,439,311	$3,757,257
	1984	10,000,000	-0-	10,000,000	-0-	-0-
	1985	6,370,000	-0-	6,370,000	-0-	-0-
Subtotal		26,370,000	$8,196,368	$18,734,432	$4,439,311	$21,930,689
Water	1985	1,960,000	-0-	1,960,000	-0-	-0-
Total		$28,330,000	$8,196,368	$20,694,432	$4,439,311	$23,890,689

SUBCOMMITTEE RECESS

Senator McCLURE. We will be in recess until Thursday, February 28, at 2 p.m., at which time we will review the fiscal year 1986 budget request for the Woodrow Wilson International Center for Scholars and the National Gallery of Art.

[Whereupon at 11:20 a.m., Tuesday, February 26, the subcommittee was recessed, to reconvene at 2 p.m., Thursday, February 28.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1986

THURSDAY, FEBRUARY 28, 1985

U.S. Senate,
Subcommittee of the Committee on Appropriations,
Washington, DC.

The subcommittee met at 2:10 p.m., in room SD-138, Dirksen Senate Office Building, Hon. James A. McClure (chairman) presiding.

Present: Senator McClure.

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

STATEMENT OF JAMES H. BILLINGTON, DIRECTOR

ACCOMPANIED BY:
- PROSSER GIFFORD, DEPUTY DIRECTOR
- WILLIAM M. DUNN, ASSISTANT DIRECTOR FOR ADMINISTRATION

PREPARED STATEMENT

Senator McClure. Good afternoon. This is the time scheduled to review the fiscal year 1986 budget estimates for the Woodrow Wilson International Center for Scholars and the National Gallery of Art.

We will begin with the Woodrow Wilson Center.

The fiscal year 1986 budget request for the Woodrow Wilson International Center for Scholars totals $2,852,000, an increase of $194,000 over fiscal year 1985 appropriations to date. Also pending is a pay cost supplemental in the amount of $16,000.

Mr. Billington, it is a pleasure to welcome you before the subcommittee again. Your opening statement will be included in full in the record, and if you would like to introduce those with you at the witness table, we will then proceed directly to the questions.

[The statement follows:]

STATEMENT OF JAMES H. BILLINGTON

The life of the mind is the catalyzing force in a free society, and this Center has become a special catalyst both for higher research in America and for this city, whose chief industry is politics. The Wilson Center links ideas and affairs, as our congressional charter prescribes, by bringing together the departmentally organized research universities scattered throughout this country with the Washington-based research of public-policy think-tanks, congressional staffs, and government agencies. Our rotating body of fellows comes each year largely from universities; the ever-changing groups of people at our meetings come mainly from Washington. This large local constituency is an important immediate beneficiary of what we do; and the Center helps fulfill its own national mission by stimulating and challenging the broader Washington community. The Wilson Center provides all these practitioners with the most central--and probably the most methodologically and ideologically neutral--location for serious discussion and basic research in the humanities and social sciences.

The Wilson Center can be likened to a stone dropping in the middle of a broad stream, spreading its impact out in concentric circles. The senior staff provides the intellectual continuity and assurance of scholarly substance. They give weight to the stone without which there would be no ripples, much less waves, coming from the Center.

The inner circle in this Center is our resident company of fellows and guest scholars--about 100 a year--and the informal in-house discussions of their scholarly projects. The second circle is made up of the participants in our public meetings--about 7,000 a year who attend some 230 gatherings annually at the Center. The third circle is the more than 112,000 subscribers to the Wilson Quarterly and the many listeners to the 360 or so radio stations across the country to which we regularly distribute our weekly radio program, known as "Dialogue." These programs draw almost entirely on the two inner circles: the fellows and guest scholars at the Center and participants in Center conferences.

Everything depends on the quality of intellect at the heart of the operation: the weight of ideas at the Center. These in turn are based on the seriousness of fellows' projects and the vitality of the different groups brought together to discuss ideas at meetings. It is the responsibility of the senior staff to ensure the substantive intellectual content of all discussions that take place at the Center. Scholars in their own right, senior staff members are unique catalysts in the scholarship of others. An important aspect of their administrative responsibility is to interact with scholars, to initiate discussion, to ask questions. Their relatively selfless contribution to the scholarship of others enhances the collegial atmosphere of the Center and the quality of our discourse. The essential part of my job is to ensure that there is real scholarly weight at the base of all we do. Although the essential tests are qualitative, and ultimately immeasurable, we can take some comfort from the growing quantity of written scholarly discourse. About 40 books a year (about as many fellows as we have with us at any given time) are now published during the course of a year as a result of work done at the Center. There are, in addition, many articles, working papers, and sustained essays that fall in length between articles and books. Our fellows are serious; everyone is working on a project; and most projects are brought to a conclusion, although in some cases only years after a period at the Center. We like to think that the Center really does matter to these projects; more and more authors say in their introductions that we do.

A recent testimony to the difference the Center makes came from an interview in the Washington Post with the great novelist Mario Vargas Llosa. Talking about his book, The War of the End of the World, written during his year in Washington as a fellow at The Wilson Center, he indicated his surprise at the intellectual vitality of Washington in general and The Wilson Center in particular. "I was envious because I would like a Latin American capital to be a place where so many Latin Americans from as many perspectives and positions come to discuss their affairs," Vargas Llosa said. Having ransacked Brazil for copies of an outspoken local paper contemporary with his story, he had found only one copy. But at the Library of Congress, "there was the whole collection." When he left the Center, he gave a fascinating seminar about the ways in which writing his novel outside Latin America, with access to the people and resources of Washington, had changed and deepened the story he was telling.

Another way of measuring the Center's impact lies in the quality of interaction we generate here with the broader society: the "diffusion" as well as the "increase" of knowledge, to cite the Smithsonian motto. Diffusion is a major frontier for the Center for the rest of this decade. It is central to our clear congressional mandate, and the 915 fellows, guest scholars, and short-term scholars who have worked in residence at this Center since 1970 give us an extraordinary international network. In influential places throughout the world, Wilson Center alumni overseas may well constitute one of the most important new bodies of people well disposed toward the United States (or at least better informed and disposed than before they came).

This alumni body plays an increasingly important role in informal meetings abroad that develop around and among staff and fellows. In the course of developing our new program in European studies, the Center provided the principal American support to a major conference on Orwell sponsored by the Council of Europe in Strasbourg--and arranged for a major Wilson Center-type colloquy between American statesmen and French intellectual leaders in Paris. Our Japanese alumni have had meetings in Tokyo devoted both to substance and to fund raising. Our alumni in Moscow during this year included both key American reporters in both television and print journalism. The latter (Dusko Doder of the Washington Post) hosted a minireunion that included a former guest scholar at the Center, who is one of Russia's leading poets, and a visiting congressman. One Chinese alumnus gave testimony in China to the stimulus of conversations with a South Korean scholar at the Center. Connections are often made at the Wilson Center that could not be made in one's native country, and it is a great privilege for American scholars to be present for such exchanges.

Here in the United States, through the Wilson Quarterly and its radio programs, the Center reaches a broad national audience of thinking people who want to be given an honest sample of important recent scholarship, but simply do not have the time to keep up with scholarly publications.

Increasingly the challenge of the future for this maturing Center will be to make sure there is as much intellectual strength in our meetings as there already is in our scholarly projects. One area in which the Center added intellectual weight last year was in the discussion of the international debt problem through the Latin American Program. A program of meetings on economic issues in the Americas was chaired by Nicholas Ardito Barletta of the World Bank and involved presentations by the former finance minister of Brazil and by Carlos Tello, a guest scholar at the Center and former president of Mexico's

Central Bank. (Barletta, as president-elect of Panama, later returned to the Center for a special evening dialogue arranged by our long-time Wilson Council member Sol Linowitz and involving leading Cabinet members and senators, as well as scholars.) Mark Millard of the Wilson Council then hosted a major Center event on this same subject in New York, bringing together financial officers from a large number of companies to hear presentations by investment bankers George Soros and Pedro-Pablo Kuczynski, as well as by two Center guest scholars, Mauricio Garcia Araujo, adviser to the Venezuelan Debt Commission, and Elio Gaspari, editor of the Brazilian journal Veja.

The International Security Studies Program has long used the core seminar to explore multiple facets of important problems. The procedure involves not only Center fellows and staff but 60 or more specialists from different branches of government, embassies, academia, the press, and the business community. One such core seminar finished this past year on the subject of nuclear proliferation, and another began on the new challenges to the NATO alliance. A multiyear Ford Foundation grant has encouraged us to develop the unique "cross-cutting" potential of the Center's international programs, and the International Security Studies Program has worked creatively with the Latin American Program on an evening dialogue on Central America and with the Kennan Institute on a conference on the Warsaw Pact.

The Kennan Institute's June conference on Soviet-American exchanges was perhaps the most dramatic illustration of the Center's ability to produce a national ripple effect through its unique convening power. Bringing together for the first time the wide variety of governmental and private organizations involved in such exchanges, the Center enabled all parties to learn from each other and provided a responsible national forum for discussing new opportunities for dialogue with the Soviet Union. The Kennan Institute's regular Wednesday noon discussions are already a Washington institution--the only open opportunity for all serious researchers on the USSR from academia, government, business, foreign embassies, etc., to gather regularly for discussion of important issues.

A special feature of the Asia Program has been its conferences assessing the state of Asian studies; most recently, the neglected field of Southeast Asian studies was inventoried in March. An important innovation in the program's ongoing discussion with the Japanese of technological and Pacific Basin problems was a major conference bringing together humanists from both America and Japan to discuss how such genuinely different cultural and political systems will cope with future world problems. This conference--like a growing number of such Center events--was designed to produce a published result in two languages. Another such instance is The Federal Republic of Germany and the United States: Changing Political, Social, and Economic Relations, produced during the past year from a German-American conference at the Center in September 1983. It is in many ways a model of the kind of major publication that brings brings authentic scholarship by a variety of authors to bear on vital contemporary concerns.

During this past year, we have begun efforts to begin raising a small but much-needed endowment for the Center. A number of our longtime supporters have also given the Center multiyear grants for our outreach programs. These grants have enabled us to explore endowment possibilities without curtailing current efforts.

We are, following the Congress's suggestion, continuing to explore with the Smithsonian Institution the terms and conditions under which the Wilson Center's programs may best be integrated with or made to complement the activities of the Smithsonian's new International Center. A special report to the Congress will be prepared following the full review of these proposals by the Center's Board of Trustees and the Smithsonian's Board of Regents.

The Center's budget request for fiscal year 1986 is essentially a "continuing services" budget calling for no new programs and no increases in staff. The bulk of the $194,000 increase requested would go to pay for the FY 1985 federal pay increase, to bring our fellows' stipends up to the agreed-on GS-13, step-one level, and to cover certain inflationary costs in administrative support permitted to the Center in OMB's Planning Ceiling. The only new item is for $42,000 to initiate an office automation system for increasing staff productivity and thereby continuing to keep administrative costs under control as the Center has been doing over the past several years.

INTRODUCTION OF ASSOCIATES

Mr. BILLINGTON. Thank you, Mr. Chairman.

I am accompanied by Prosser Gifford, the long time Deputy Director, and William Dunn, our even longer time Assistant Director for Administration.

SALARY REDUCTION

Senator McCLURE. From the budget submission it appears that the Wilson Center has not taken the 5-percent salary reduction for either regular civil service employees or for scholar support, which by agreement is set at the level of a GS–13. What is the reason for this?

Mr. BILLINGTON. Mr. Chairman, as I understand it, this request was made for many agencies but it was not proposed to be made for us by the Office of Management and Budget. I cannot say the reason for it, but I assume it was because of the size and the special nature of our mission.

Senator McCLURE. You hope that was a reasoned decision on their part and not an oversight.

Mr. BILLINGTON. That is our fervent hope, yes, sir.

Senator McCLURE. Will you please provide the committee with revised figures to be used in the event that Congress does act favorably on the salary reduction proposal.

Mr. BILLINGTON. Yes; of course we will.

[The information follows:]

FUNDING ESTIMATES AND APPROPRIATIONS REQUEST

[Dollar amounts in thousands]

	Fiscal year—					
	1984 appropriation		1985 appropriation		1986 appropriation	
	Positions	Amount	Positions	Amount	Positions	Amount
Fellowship Program		$1,176		$1,199		$1,208
Scholar support	7	224	7	234	7	229
Public service	14	562	14	600	14	597
General administration	12	531	12	552	12	618
Building requirements		75		73		75
Total	33	2,568	33	2,658	33	2,727

The Board of Trustees of the Wilson Center requests a Federal appropriation for fiscal year 1986 of $2,727,000, an increase of $69,000 over the Center's fiscal year 1985 appropriation request.

The increase would go to cover the following items:

Increase for fellows' stipends, pegged at GS-13, step 1 ($36,327) from fiscal year 1985 appropriation level of $34,257 (less 5 percent)	$9,000
For initiation of office automation system leading to increased productivity per employee	42,000
Amount permitted in OMB's planning ceiling to cover increased costs of ongoing administrative items	16,000
To return Smithsonian payment to previous level	2,000
Total	69,000

	Fiscal year—			Increase requested
	1984	1985	1986[1]	
Fellowship Program	$1,176,000	$1,199,000	$1,208,000	$9,000

[1] Less 5 percent in stipend figure.

ANALYSIS OF INCREASE

Following the general agreement reached several years ago between the Congress, OMB, and the Center to peg fellows' stipends to the GS-13, step 1 level, the Center needs $9,000 to bring the average 12-month stipend up to the GS-13/1 level of September 1984 ($36,327), minus 5 percent.

	Fiscal year—			Increase requested
	1984	1985	1986[1]	
Scholar support:				
Personnel costs	$175,000	$190,000	$185,000	(-$5,000)
Library	33,000	30,000	30,000	
Research assistants	16,000	14,000	14,000	
Total	224,000	234,000	229,000	(-5,000)

[1] Less 5 percent personnel costs.

ANALYSIS OF INCREASE

This area of the Center's operations will be reduced by $5,000 if personnel costs are cut 5 percent.

	Fiscal year— 1984	1985	1986[1]	Increase requested
Public service:				
Personnel costs	$550,000	$589,000	$585,000	(-$4,000)
Travel	6,000	6,000	6,000	
Consultations	6,000	5,000	6,000	1,000
Total	562,000	600,000	597,000	(-3,000)

[1] Less 5 percent personnel costs.

ANALYSIS OF INCREASE

This area of the Center's operations will be reduced by $3,000 if personnel costs are cut 5 percent.

	Fiscal year— 1984	1985	1986[1]	Increase requested
General administration:				
Personnel costs	$347,000	$379,000	$395,000	$16,000
Travel	10,000	10,000	10,000	
Rental and maintenance of office machines	42,000	31,000	31,000	
Duplicating	28,000	28,000	28,000	
Printing	3,000	3,000	3,000	
Computer services	10,000	10,000		(-10,000)
Office automation			52,000	52,000
Communications	29,000	29,000	34,000	5,000
Shipping	2,000	2,000	2,000	
Miscellaneous services	27,000	27,000	30,000	3,000
Supplies	23,000	23,000	23,000	
Equipment	10,000	10,000	10,000	
Total	531,000	552,000	618,000	66,000

[1] Less 5 percent personnel costs.

ANALYSIS OF INCREASE

The largest increase requested here is for $52,000 to initiate office automation in the Center's central administrative offices. (This includes $10,000 previously devoted to computer services and $42,000 of new money.) The Center has worked with both OMB and the Smithsonian's computer office in developing this proposal, and it is the consensus that it will result in greatly increased productivity. The Smithsonian Institution is in the process of installing a new IBM mainframe computer and various subsystems around the Institution, all of which are to be ultimately connected by cable. At some point in the future, all of the Smithsonian's payroll and personnel records will be handled by these systems. Since the Center is located physicially within the Smithsonian complex and relies on the Smithsonian for administrative support in the areas of accounting, personnel, et cetera, it is incumbent on us to be able to be a part of this system and to have both the hardware and software that are compatible with what the Smithsonian uses. This request would permit the Center to purchase some of the basic hardware for an IBM System 36, providing us with enough storage capacity for all the Center's various administrative records and lists, as well as giving us access to the main Smithsonian computer system.

Other increases are to cover 12 months of salary for a full complement of employees in the general administrative category and to pay for unavoidable increases in telephone charges and in manuscript typing services.

	Fiscal year—			Increase requested
	1984	1985	1986	
Building requirements:				
Smithsonian payment	$75,000	$73,000	$75,000	$2,000

ANALYSIS OF INCREASE

The $2,000 requested here would permit the Center to bring the payment it makes to the Smithsonian Institution for administrative support back to the level established for it in fiscal year 1984.

OFFICE AUTOMATION

Senator McClure. Fifty-two thousand dollars is requested to initiate automation of the Center's central administrative offices. Does this represent the total cost of the automation, or will additional funds be sought in the out years?

Mr. Billington. Mr. Chairman, it is hard to say. This is the amount needed to start on a rather important and long overdue automation of the central services of the Center. I should point out first of all that only $42,000 is really new funds because of the $10,000 we have been carrying for our computer program. But with the installation of an IBM mainframe in the Smithsonian and the need to develop compatible systems, as well as to continue with economies that this automation will bring, we really have to begin on this, and I suspect there will be some continuing funds in this category for succeeding years.

However, I would point out that if you compare our fiscal year 1985 expenses with those of 1983, for instance, our support cost per fellow has fallen by a substantial amount, averaging more than $200 per person. The percent of support costs in the Federal budget has fallen considerably.

So we really think that although this is a new item of expenditure, it is going to prevent the support costs from going up much greater than without it. So we feel it is a net economy as well as a long overdue change in a category where our effective expenditures in this category have, in fact, been declining.

Senator McClure. I don't question that you can make savings in administration, and I appreciate the statement as to what it is doing in savings. In addition to that, I am also seeking to see whether this is a part of a planned program that extends over several years, and if it does so, what your estimate of future year costs will be.

Mr. Billington. It is the first stage in a planned program. In this instance, because it is closely integrated with the Smithsonian's own moves in this direction, it is very difficult for us to give an independent estimate, but we can certainly try to spell it out.

Senator McClure. Would you try to do that so that we would have some way of anticipating and so perhaps you could anticipate as well what the budgetary impacts will be in succeeding years.

Mr. Billington. Surely. Perhaps my deputy, who is a specialist in this area, would want to supplement this.

Mr. GIFFORD. Senator, I think, as Jim Billington has indicated, the reason for this is that the Smithsonian system into which we are tied for accounting and all our business functions is shifting over completely to an IBM system, so we must follow suit, I suppose. Ultimately we will all be interactive. But we will indeed try to supply you a better future estimate.

Senator MCCLURE. If you would, please.

[The information follows:]

TOTAL ESTIMATED COST OF IBM SYSTEM 36 FOR THE WILSON CENTER

We have received estimates from both the Smithsonian computer office and from IBM for total installation costs of a system 36 within the Wilson Center. This system would, as presently envisaged, consist of 15 stations (six PC's and nine "dumb" terminals), a CPU, five printers (of which two would be letter-quality), and standard software for office automation. The estimate also includes a figure ($15,000) for cabling between all the work stations. Maintenance would be provided for 33 months.

Total cost for the above, depending on whether the CPU were purchased directly or under the Federal lease to ownership plan [FLTOP], would be $148,000 to $160,000.

ENDOWMENT CHALLENGE

Senator MCCLURE. Last year the Senate reacted sympathetically to the Center's interest in establishing an Endowment Challenge Fund through which Federal money would be used to leverage additional private support. While $3 million was included for this effort in the Senate bill, the provision did not survive the conference. There is no mention of an Endowment Program in this year's justification. Have you abandoned that idea?

Mr. BILLINGTON. No; Mr. Chairman, we have not abandoned the idea, but we felt that in view of the conference decision that it was incumbent on us to continue with the endowment effort in the private sector. I was talking just yesterday with one of our principal supporters in the private sector, and he himself asked the same question, if this idea were dead. We hope it is not, but we didn't know if it was proper for us to bring it before the committee again in view of the conference decision not all that long ago.

I must say, in our subsequent discussions, after this decision by the conference, with private donors I think the feeling is stronger than ever that the amount of the enthusiasm of our private donors for this effort would much benefit from some Federal participation.

Senator MCCLURE. I don't disagree at all. As a matter of fact, as I indicated earlier, we supported that action last year. I don't like to prolong disagreements with the other body if indeed they don't agree with either you or us, but we do sometimes hope to persuade them.

If you think it still has merit, you might attempt to persuade the committees and the personalities in the other body and you might get some of the external donors to do the same.

Mr. BILLINGTON. We appreciate that suggestion, and we will certainly see if there is something we can do in that regard. I don't want it to be interpreted that we had second thoughts about the idea. If anything, our second thoughts were even more affirmative and positive about this.

Senator McClure. Might I suggest that perhaps you write letters to me and to my counterpart in the other body suggesting just exactly that fact and see what the response might be.

Mr. Billington. Yes, sir, Mr. Chairman, we would be very happy to do that.

Senator McClure. I don't suppose he will be overly surprised to receive the letter after that suggestion, and I don't know what the reaction will be, but if it is a fruitful avenue, we ought to explore it.

Mr. Billington. Thank you, sir. We would be very pleased to do it.

PRIVATE ENDOWMENT

Senator McClure. With respect to the consolidated statements, we note that for fiscal years 1984 and 1985 a portion of the non-Federal funding is listed as endowment. Are you proceeding with the endowment concept without the impetus of a special Federal appropriation?

Mr. Billington. Yes; we are, Mr. Chairman. As indicated earlier, we have been proceeding in the private sector and we have had some success, though rather modest. So it is a modest portion of the overall private part of the budget. But we have been proceeding, yes, in the private sector, though I again suspect very strongly not as successfully as we might be if there was some possibility of the kind of Federal interest that was discussed.

TOWER RENOVATION

Senator McClure. Last year in response to written questions from the committee you indicated that the fiscal year 1986 budget would contain a request to renovate the tower so as to provide additional space for the Center. Was that request submitted to the Office of Management and Budget?

Mr. Billington. Yes; Mr. Chairman, it was. We asked the Office of Management and Budget for $130,000 for renovation of the octagonal tower adjacent to the Center's library. This sum would have permitted us to remove the elevator there and to fill it with a fire stair from the fourth floor, I think, down to the basement. Plus, of course, it would have also permitted us to construct three rooms above that area—it is a little hard to do this without charts—which is presently unused space, thus giving us some much needed space for our program.

We understand now that the Smithsonian is going to be able to do this elevator removal and installation of the fire stair, which is very much needed, from their own funds. We have also been informed that the three tower room part which remains to be done could be constructed for approximately $50,000, which is very encouraging to get three additional offices out of unused space for that.

So that is the still unmet part of the need that was defined in our original request to the Office of Management and Budget.

Senator McClure. We understand that the Center has also approached the Smithsonian Institution requesting that you be considered for additional space within the complex of the Castle, the Arts and Industries Building, which is being renovated, and the quadrangle, which is under construction. Has any decision been made in this regard?

Mr. Billington. I don't think final decisions have been made, but we have been pursuing these discussions very actively. We have talked with the consulting firm that has been retained by the Smithsonian. We have had a very amicable series of talks with the Smithsonian at several levels, and I think those discussions are proceeding very satisfactorily.

Of course it will be a number of years before our pressing space needs can be fully addressed, but we are confident of a good reception and an amicable set of discussions.

Senator McClure. If the Smithsonian were to respond favorably and adequately to that request, would there still be a requirement for the tower renovation project?

Mr. Billington. Yes, Mr. Chairman; I think this is particularly urgent. It will be a number of years before space will be available in either the Arts and Industries Building or the new quadrangle, and there will be many claimants on the space, whereas the space in the tower is immediately and directly available within the Castle, in proximity to the Center at a time of very pressing need during these next few years with our new European Program and its various demands. So there really is a very keen and pressing need that we do have immediately.

Senator McClure. Thank you very much, Mr. Billington. I have no further questions at this time. If there are other questions from other Members of the committee, they will be submitted to you in writing. We would ask for a prompt response to them in writing for the record.

Mr. Billington. Thank you very much.

Senator McClure. Thank you very much, and your associates, for your appearance here today.

NATIONAL GALLERY OF ART

STATEMENT OF J. CARTER BROWN, DIRECTOR

ACCOMPANIED BY:
ROBERT C. GOETZ, TREASURER
WILLIAM H. ROACHE, BUDGET OFFICER
PHILIP C. JESSUP, JR., SECRETARY-GENERAL COUNSEL

PREPARED STATEMENT

Senator McCLURE. We will now turn to the budget request for the National Gallery of Art.

The fiscal year 1986 budget request for the National Gallery of Art totals $36,704,000, an increase of $619,000 over fiscal year 1985 appropriations to date. Also pending is a pay cost supplemental in the amount of $363,000.

Mr. Brown, your opening statement will be included in the record in full at this point. If you would introduce your associates at the witness table, we can then proceed to the questions.

[The statement follows:]

STATEMENT OF J. CARTER BROWN

Attendance at the National Gallery has been at a high level in recent years, and in fiscal year 1984 the attendance was 4,859,172. The primary reason for this continued high attendance has been attributed to the success of our Special Exhibitions Program and continued public interest in the East Building as well as renewed interest in the West Building with the opening of new ground level public galleries in January 1983. The added gallery space of both the East and West Buildings and increased funding (Federal and non-Federal) have likewise contributed to this success.

Our fiscal year 1986 Federal funds budget request includes $2.9 million for the West Building Renovation and Restoration Program approved by OMB and included in the President's budget for fiscal 1986. Completion of this phase is now scheduled in 1988 with total Federal costs estimated at $20,866,000, which is $4,064,000 less than originally estimated.

Our fiscal year 1986 Federal funds budget request also includes $2,200,000 for our Special Exhibitions Program. In January 1983, we were able to realize the longstanding plan of making available to the public additional exhibition space in the West Building, made possible by the construction of the East Building with donated funds, and the remodeling of the ground floor of the West Building with a combination of donated and appropriated funds. The net effect of this new construction was to increase our ability to show our permanent collection, and, in addition, to create the need to fill the new spaces with borrowed exhibitions, particularly of old master drawings, in which our own collections are still relatively weak.

The fiscal year 1986 Federal funds budget request, as amended by OMB, totals $36,704,000 and 823 full-time permanent positions with an OMB limitation of 791 FTE (full-time equivalent) employment. This amount reflects total increases of $2,225,000 offset by total decreases of $1,969,000, resulting in a net increase of $256,000 (0.7 percent) over the fiscal year 1985 budget of $36,448,000.

Fifty-nine percent ($1,308,000) of the total increases is associated with personnel compensation. This increase provides: $221,000 for mandatory within-grade and wage-board step increases; $603,000 for annualization of the fiscal year 1985 pay raise; $25,000 for increased costs of health benefits; $148,000 for increase of 12 FTE employment work-years for security of newly opened galleries; $250,000 for 12 FTE employment work-years and additional overtime for extended hours and crowd control for Treasure Houses of Britain Exhibition; $51,000 to restore reduction of base pay in fiscal year 1985 budget for function C protection; and $10,000 for increased costs of accident compensation.

Seventeen percent ($387,000) of the total increases is required for the increased costs of rents, communications, and utilities. This amount consists of $284,000 to cover the increased costs of steam and electricity for all structures; $27,000 to cover the increased costs of photocopy and word processing equipment; and $21,000 to cover the increase of telephone and telegraph costs and modifications of the telephone system; $25,000 to cover the increased costs of postage; and $30,000 to cover the increased costs of structural rental rates.

Seventeen percent ($375,000) of the total increases is needed to cover the increased costs as well as provide for additional quantities of materials, supplies, and services, and travel, and transportation in support of the basic gallery operations. This amount consists of $23,000 for travel, and $352,00 for services.

The final 7 percent ($155,000) of the total increases is requested for lands and structures for basic operations. This is to restore part of the 2-percent cut in fiscal year 1985.

Offsetting the above increases are decreases in supplies of $21,000, decreases in the Special Exhibitions Program of $1,712,000, and decreases in the West Building Repair, Renovation, and Restoration Program of $236,000.

In summary, the appropriation for fiscal year 1986 is $36,704,000—a net increase of $256,000 over the 1985 budget. Comprising the total increases are: personnel compensation and benefits—$1,308,000; rents, communications, and utilities—$387,000; travel and services—$375,000; lands and structures—$155,000; supplies and materials decrease—($21,000); Special Exhibitions Program decrease ($1,712,000); and Renovation Program decrease—($236,000).

INTRODUCTION OF ASSOCIATES

Mr. BROWN. Thank you very much, Mr. Chairman.

To my left is the Treasurer of the National Gallery, Robert Goetz, and to his left, our Budget Officer, Bill Roache. I would also like to take this opportunity as well, Mr. Chairman, if I might, to introduce the newest executive officer, who is our new Secretary and General Counsel, Philip Jessup, Jr., and we have a curriculum vitae with us in case you wanted to review that.

ART ACQUISITION

Senator MCCLURE. Thank you very much.

According to the justification, 1,849 works of art, primarily prints and drawings, were acquired during fiscal year 1984. What proportion of those acquired were acquired through donations?

Mr. BROWN. If one defines donations, Mr. Chairman, as donations in kind, and I assume that is the thrust of your question, I believe the answer is about 88 percent. It may have been unusually high this year because of some 1,200 prints coming in from the Tamarind Workshop, which will give us a very complete archive in that area. But it also does highlight, I think, the importance to us and to all museums of being allowed to accept works of art in kind and to have the encouragement of that on the part of the Federal Government.

Senator McClure. Three million eight hundred thousand dollars of trust funds were spent for art purchases during fiscal 1984, more than twice the level of expenditure of any year since 1979. Purchases are anticipated to return to lower levels during this year and next. What accounted for the big increase in expenditures last year?

Mr. Brown. Mr. Chairman, this goes up and down according to the opportunities in the art market and our ability to raise additional funds ad hoc. We had a very exciting year last year. We bought the most important single painting that we have been able to acquire for many years, which was a Veronese, and that, together with a very unusual amount of donation and acquisition through our collectors committee, accounted for a couple of million dollars, almost, of that increase.

In addition, we had a couple of wonderful opportunities where we had a chance to acquire whole collections, one a great collection of books and prints on the history of architecture with wonderful illustrations, some of them very rare, and the other a whole collection of old master drawings put together over a lifetime by a scholar in that field. These were partial sales, partial gifts, but they gave us targets of opportunity that we felt we couldn't miss. We were able to raise some funds from the Cafritz Foundation to help with the Veronese. So it was a banner year.

But I think if you also, Mr. Chairman, look back over the previous years beyond 1978, you will find that there were other years where the totals also went up quite high. In 1979 it was $3,800,000 and in 1978 it was $5,374,000.

What we are hoping is—and I think part of this activity has been spurred by this hope—that when our patrons permanent fund campaign is completed, and some of the pledges that have been made to the gallery come due, we will begin to have an income stream in the private area of the gallery's finances, which will allow us to continue to enrich the collections.

I should tell you, Mr. Chairman, that we are very heartened. The goal of that campaign, including pledges, naturally, is $50 million, and we have surpassed $45 million so far.

PUBLIC PROGRAMS

Senator McClure. The Department of Public Programs has expanded its activities by providing additional tours and initiating new courses on the history of art which are offered to the public at no cost. The justification indicates that while this work is being done with existing staff, it may be essential to request increases to support such work in the future.

This type of situation can put the committee in a very awkward position. In the future we may be told that a program will be reduced or terminated unless additional funds are provided when, in fact, we had nothing to say or to do at the outset about whether such activities should even be funded. The focus of the argument shifts considerably, as we would then have to justify terminating an activity rather than the gallery's justifying establishment or expansion of the activity in the first place. Is this an area for which you presented the Office of Management and Budget with a request for an increase in the coming fiscal year?

Mr. BROWN. Yes, Mr. Chairman; it is. I think that is probably the short answer to your question. We were not allowed to come to you with the full request in financial terms, but we did want you to be aware of some of our hopes in this area.

I might point out, however, that what we have done to accomplish some of these goals already has been by a reorganization of the resources within that department rather than requiring new money. The basic reason for all of this is that after almost 40 years we have a new head of our education department, a brilliant young person, who is brimming with ideas and has found ways of financing some of them without additional moneys by such strategies as reorganizing our information desks so that they do not require trained art historians now. We have found volunteers to help us with some of that activity, and this has released staff to offer these courses and do some of the educational work that we feel is so important to our mission.

Senator McCLURE. Do you expect there will be any expansion of this in the next fiscal year? Or will it be maintained at approximately the same levels?

Mr. BROWN. OMB willing, we would like to see it expanded, but I think we will have to live within the constraints.

Senator McCLURE. But I think OMB has said they are not willing, and my question is, OMB not willing, what do you intend? Are you going to expand those activities even though you cannot get expanded funding?

Mr. BROWN. I don't see how we will be able to afford it, Mr. Chairman, unless our people there come up with some more bright ideas as to how we can reallocate the resources.

STAFF INCREASES

Senator McCLURE. Twelve additional positions are requested for newly opened galleries and 12 positions are requested for the additional workload expected to be generated by the Treasure Houses of Britain Exhibition. Will the latter positions be reassigned within the gallery or deleted from future budget requests once the Treasure Houses Exhibition has closed?

Mr. BROWN. They will be reassigned, Mr. Chairman. The concept is that we have a need for full-time positions, and we have a long list of needs long term. The Office of Management and Budget came to us with this concept: That although 12 of these will always be needed in security, the ones that are ad hoc for this extraordinary winter we face next year will not be needed for security posts but those positions could then be reallocated to other things.

Senator McClure. Has that been clearly delineated to OMB and approved by them?

Mr. Brown. Very much so, yes, sir.

Senator McClure. Page 1–12 of the justification states that the 1986 budget request marks the third and culminating phase of major staff development with respect to the conservation department. We cannot, however, find any position increase associated with conservation other than additional contracting funds. Should those lines have been deleted from the justification following the OMB passback, or have you succeeded in capturing our attention?

Mr. Brown. I think the latter. I appreciate your humor, Mr. Chairman. This is an anomaly between the two applications. It does serve to highlight the great backlog of need that we have in this area.

MUSIC PROGRAM

Senator McClure. In the same vein, the justification states that the Music Program is worthy of full Federal funding. No additional funds are requested to replace the trust funds with Federal funding. What is the trust fund budget for this activity in fiscal year 1986?

Mr. Brown. About $130,000.

Senator McClure. Why should it be a Federal responsibility, and to what use would you put the trust funds which would be made available should Federal funds be provided to support all the costs associated with the Music Program?

Mr. Brown. To answer the second part of your question first, this would then liberate the trust funds that are now used for this program to do the one thing that we are charged with responsibility for outside of Federal appropriations, which is the acquisition of art. So we feel that by liberating those moneys we would be enhancing the mission of the institution in the traditional way that has been the responsibility not of the Federal Government but of the private sector.

The Music Program goes back almost to the opening of the gallery and is analogous to programs in the museum field generally these days. It is an amenity. It is not at the absolute core of what we do, but I feel there is a justification, and I think that the Congress was so persuaded when it put the personnel costs of this program onto the public sector a few years ago.

We have a variety of justifications for it in our own minds, Mr. Chairman. The first is that this helps the educational context of our works of art as we bring other aspects of cultural history into our lecture tours and our educational programs. The works of art that we display did not exist in a vacuum, and we have had a great success in finding ways that these interrelate.

We also have taken advantage of the intermission slot that we get when these concerts are broadcast by public broadcasting every Sunday night to fulfill the educational role by relating the concert to what is going on at the gallery and talking specifically about things that are to be learned at the gallery.

We have quite a tradition of using this program to foster new music and younger musicians that cannot exist out in the commercial world of this box-office super-star system.

So this has been of great cultural benefit.

I think that it is fascinating, when you look at an example, to see how all of these tie together in cases as recently as a few weeks ago at the time of the inauguration, when we had a performance of a piece performed by the National Gallery Orchestra with a soloist and chorus, called the Republic, which was based on the great patriotic texts and the actual music of this country at the time of its birth. This has become a tradition now every 4 years in honor of the inauguration.

It serves an educational purpose; it serves as an opportunity to illuminate the context of our own American paintings, which were supplemented in this case by a loan show of American art on this patriotic theme; it serves new music because the composing and arranging of it was done by the incumbent on our staff; and it serves a wide audience, in this case an even wider audience because we were able to find private funding to allow this to be taped for television broadcast, which was broadcast nationwide at the time of the inauguration and is available for future use.

So in general, we think it is a wonderful program and we think it is worthy of Federal funding. We are not coming to you for these funds at the moment because of OMB strictures but on the basis of giving you some distant early warning of how our thinking tends. We feel it is a program that would be worthy of Federal funding eventually.

ART RESTORATION

Senator McClure. An increase of $100,000 is requested for contracts for art restoration, an increase of 100 percent over current levels. Will all of these funds be used for salary costs to hire conservation specialists who would not otherwise be available at civil service salary schedules?

Mr. Brown. Not all. That is the basic thrust of it. But we also need contract funds for highly specialized tasks that we haven't enough call for to have a full-time person. Textile conservation, for example. There is a thing called dendrochronology, which is absolutely fascinating. There are a few people in the world who have become terribly expert at being able to read the lines that are formed in a tree trunk as it grows over the years. And if you have a painting that was painted on panel, these people have made studies of how the variations in width of those lines year by year relate to the variations in the meteorological conditions that were recorded at the time. This gives you an opportunity of dating a picture with extraordinary precision, at least at one end. You know that it had to be painted after that tree was chopped down.

It is a fascinating way of spotting forgeries also, because often the forger is not on to this; they will try to put something over on you that looks very authentic on the front and they forget that in the back they may be given away.

So it is these ad hoc research tasks that we use contract money for as well.

Senator McClure. Expansion of the conservation staff was initiated following an internal analysis in the mid-1970's. At that time a need for 35 additional positions was identified. How many positions have been added since that time from either Federal or trust resources?

Mr. Brown. From Federal resources, about eight, and from non-Federal, an additional four. The total that we are shooting for is and remains about 45, and if it was at about 10 at the mid-1970 point, that still leaves 35 to go. But we have been very successful in getting the chief of the whole operation endowed from the private sector, and that has taken a bigger strain off the program in money than appears in positions.

We are doing well now in recruiting. When we came to you last year we were worried about that, but we now have taken aboard a chief of our scientific aspect of conservation, an absolutely stellar person who has had a lot of experience in very advanced scientific analysis of these objects. I think that he, plus someone that we have retained through the contractual route, have now given a sense of momentum to our conservation department and we are in a position now to start accelerating the search for other people and fill what few vacancies that we have that we still are allowed.

Senator McClure. Would I understand from your answer that you now believe it will be possible to recruit senior conservationists necessary to this action on your regular salary schedule?

Mr. Brown. This is our intention, Mr. Chairman. We have this one case where a person was of such international distinction that there was no way of reaching him within the Federal system, and the contract route has been a way to solve that. Plus it turned out at the point of hiring he was not an American citizen.

We are hopeful that now that we have filled the second of these that really only leaves a third position of the top rank that is open. We are having some difficulty in getting an absolutely first rank person for that, but I have been talking to our conservation people and they feel that we can live with the salary scale as it is. Their long-range hope might be that a non-Federal solution could be found, but I told them not to hold their breath on that one.

WEST BUILDING RENOVATION

Senator McClure. The renovation of the West Building is now expected to cost $4 million less than originally anticipated. Has the scope of the project changed, or are these actual savings?

Mr. Brown. I would say, Mr. Chairman, it is really a combination. Yes; the scope has changed. Our first thought when we came to you was that—that whole northeast area, you remember, was used originally for guards' recreation as a basketball court and is in the process of being converted into galleries—while we were at it we might even have enough height to double-deck that, and that would have been considerably more expensive. It would also double the amount of usable square footage. But after extensive study of that we found that it just wasn't feasible, that if we wanted to maintain daylight you would only get it on the upper of the two levels anyway, and that the moldings and the ceiling heights and so forth would make that infeasible.

So the scope was reduced.

The other aspect of it is that we have realized considerable savings over what we had projected would be the cost. There are several reasons for that. I suppose the first is that there has been less inflation than we feared. We were pretty much the burned child in building the East Building at that moment in history when the angle of engineering news record's construction-cost-index curve was at its sharpest incline in history. We were a little shellshocked when we went into our cost projections to wonder whether this was going to hit us again. Now the administration has been able to keep inflation in control, and as a benefit flowing from that we have a lot of people in the contracting business rather eager for the work, and that has kept bidding very competitive.

The last is that I would like to give an accolade to our construction manager, Hurley Offenbacher, who has by careful planning and extraordinary cost control kept these costs very much in check.

So for a variety of luck and what I would like to think is good management reasons we have been able to make these savings.

Senator McClure. An increase of $155,000 is requested for lands and structures. A portion of this amount is to restore the 2-percent reduction contained in the fiscal year 1985 bill, but a substantial amount is for the installation of track lighting in the West Building and to provide new work stations in the administrative areas of the West Building. These efforts appear to be associated with renovation. Why are these costs not budgeted under renovation?

Mr. Brown. I think that is an excellent question, Mr. Chairman, and I suppose the best answer is habit. We had really always gone through on ~~the basis of~~ having a lands and structures component. We have been giving it some thought recently and wondered whether it might not be in the interest of the Government in terms of good long-range planning if we didn't lump all of this together under the Renovation Program and make it no-year money as is done in other agencies which are larger. We are getting used to our new size and hadn't really focused on the advantages of that.

I should point out for the record that the new office space is actually in the East Building that we will be developing rather than the West Building. I think that is the result of a typo in our submission.

Senator McClure. Do you mean the work stations will not be in the West Building as is shown?

Mr. Brown. They will be in the East Building, and I think that was a typo and is our fault.

Senator McClure. You are not moving them physically; you're just moving them on the paper now.

Mr. Brown. Yes; I think the concept, though, is a very important one, because it means really that we have one building. We call them East and West because that is what emerges from the ground. But, of course, there are two or three levels of structure below grade in between the two, and they are all virtually integrated. We have air-conditioning equipment over in the West Building that actually cools the East Building. When we are space allocating we are constantly juggling and doing tradeoffs between the two. And it makes sense. We have come to you in previous years talking about a West Building Renovation Program. We really, I think, would be much better served to think of this now as one ball of wax.

EAST BUILDING NEEDS

Senator McClure. The East Building was opened in 1978. In the intervening years have any serious deficiencies become apparent?

Mr. Brown. Well, this is true, Mr. Chairman. Serious? I have enough pride of involvement not to say that they are that serious. But you always have surprises. Part of the surprise has been this climate that I think has surprised a lot of us, and certainly it surprised everybody in the inauguration, that when you get extremely cold weather, because of the humidity conditions that we have to maintain for the works of art, even with double glazing, which was very expensive to install up in the big skylight of the East Building, you do get condensation. Sometimes you get enough condensation where that space has been called irreverently by our staff our rain forest. This means that we go around and cover the sculptures and anything that might be hit. The visitors' bald heads also get hit.

We have got to address this, Mr. Chairman. We have a plan in which we can, we think, largely solve this problem and at the same time take care of the extraordinary demands there by our lenders to exhibitions.

Senator McClure. Is that going to be a humidity control?

Mr. Brown. It will be simply a boosting of the capacity of our HVAC system. When the building was designed I think no one really dared predict that there would be so many people going through some of the galleries at one time. If you have a gallery filled with people, suddenly they are radiating at 98.6 degrees Fahrenheit and they are bringing in all kinds of humidity. A system that can take beautiful care of the objects when nobody is around looking at them suddenly begins to run out of breath when it has to take care of the additional load of a big crowd. So a combination of reasons has given us cause to reassess the HVAC capabilities in the East Building, some of which originated, as I said, in the West Building. We will be hoping to remedy that.

Senator McClure. I might just note parenthetically that a recent hearing on the progress of solar heating and cooling indicated that one of the developments in that program is a desiccant wheel to reduce humidity, and it does so very efficiently. If humidity is one of your problems, you might want to look at that particular development.

Mr. Brown. Well, it is one of our problems, but usually the other way around. We have to boost humidity, because in the winter when we heat the air up we get a relative humidity drop. When we are borrowing things from Japan, for example; they are an island country and they keep things at very high humidity levels and we have got to restore all that water into the air.

Senator McClure. Are there any other problems you have with that East Building, or is that the major one for now?

Mr. Brown. That is the major one at the moment. Also, it was designed on purpose to have very flexible office capabilities. It turns out in retrospect not enough. There is never enough when you are trying to get staffs to work together and be in close proximity with each other. It was designed in a way that one could do that. The walls are relatively easy to move around, unlike in the West Building. But that requires funding as well.

NATIONAL SCULPTURE GARDEN

Senator McClure. The long dormant plans for the establishment of a national sculpture garden appear to have been revived as a result of the possible gift of a major collection of sculptures. What is the status of your negotiations with the prospective donor?

Mr. Brown. Very encouraging, Mr. Chairman. They are not resolved yet, but the opportunity here is the kind of thing we have dreamt about and even discussed at your instigation at our last hearing last year. We have long had this wish, and now there seems to be a very good possibility that it will come true.

The donor who is so enthusiastic about this prospect also has a collection that would be too large to exhibit all at one time in the national sculpture garden, but as luck would have it, also has a great enthusiasm for our unique role among American museums as a resource for the entire Nation, and from this could come an augmentation of our National Lending Service idea to the extent that we could add sculpture and large outdoor sculptures as well to our offerings to localities around the country in addition to the paintings which are now put out to these various communities.

So I am very encouraged.

His own business affairs change from day to day. He wants to do this very badly; he wants to be sure that he can afford to do it right. So we do not have a definite date at which this may happen, although he did ask last week when our next board meeting was.

So we are a little bit in the dark but very hopeful, and all of this emerged too late to get into the OMB submission. But we thought you should know about it as soon as possible, and that is why we have written this up here.

Senator McClure. The cooperative agreement between the gallery and the National Park Service with respect to the development and maintenance of the sculpture garden placed the Park Service in the lead role. Do you feel that this is the most appropriate arrangement?

Mr. BROWN. Well, it's going to be a cooperative situation however we work it out. We have begun discussions now with this concrete prospect in sight to see whether that agreement needed any updating. The Park Service has, of course, gone fairly far along in their concessionaire agreements, and whatever we do has to work within that context. As you know, they have a skating facility there, which is run by one concessionaire, and they are in the process of developing the long-designed and long-approved restaurant facility there. These, however, do not take the whole space.

I think they are very enthusiastic about it being a national sculpture garden. They recognize that we would provide the sculpture and the expertise. What we are now offering to do by virtue of the savings that you had mentioned in our long-range construction program is to see if we could be the agency reporting to this committee that would actually be involved in the funding of landscaping.

Our preliminary discussions with the Park Service reveal that they still consider this part of their National Park System. I suppose as students of Washington, Mr. Chairman, you and I recognize that the word turf is often used metaphorically, but in this case I think it is quite literal. Therefore, there are considerable discussions to be continued, but we have always had very good relations with them, and I don't see any insurmountable obstacles.

Senator MCCLURE. According to the justification the gallery may spend about $100,000 in available fiscal year 1985 funds to undertake an architectural and design study of the garden. Do you indeed intend to spend that money in that fashion this year?

Mr. BROWN. Yes, sir, we do.

Senator MCCLURE. And that is in cooperation with the Park Service?

Mr. BROWN. Absolutely, and with the donor, of course, as well.

Senator MCCLURE. Construction and landscaping of the site is estimated to cost approximately $3 million. When do you anticipate making a request for these funds?

Mr. BROWN. I suppose by virtue of my appearance here in a sense we are asking whether, if needed, this might begin to come out of the renovation and construction moneys that are already approved by OMB and are here in our budget this year, which we would do by deferring other things. My hunch is, Mr. Chairman, that these things always take longer than you think and it is probably not going to be this year that much of that money is going to be needed.

Senator MCCLURE. I was going to ask, how long do you think the architectural and design study would take?

Mr. BROWN. This we really don't know yet, because the first thing is to get a list of sculptures. So we are working on that.

NATIONAL LENDING SERVICE

Senator MCCLURE. You mentioned something that is also mentioned in the justification, that some of these large sculptures may be loaned to some other museums through the gallery's lending service. Where can we find a description of the lending service's activities and budget in the justification?

Mr. BROWN. I would have to supply that for the record, Mr. Chairman. We will give you a copy of our little flyer that we print.

Senator MCCLURE. Would you do that, please, and accompany that material with, if it is not contained in that flyer, the terms and conditions under which the gallery lends objects.

Mr. BROWN. We would be delighted to do so, Mr. Chairman.

[The information follows:]

NATIONAL LENDING SERVICE PRESENT TERMS AND CONDITIONS OF LOAN

EXTENDED LOANS TO MUSEUMS

Brief descriptions of the National Lending Service and the works of art assigned to it are included in the attached brochure (exhibit A). The National Gallery of Art through the National Lending Service makes extended loans available to museums to exhibit with their collections. In order to protect and maintain the works lent, borrowing institutions must meet certain requirements for security, staffing, and environmental control, and are required to complete a loan information form (exhibit B) on their facility. The completed form is reviewed for approval by the gallery's conservation division. In-house guidelines used by gallery staff to judge a museum's qualifications as a borrower are listed in exhibit C.

Once it is determined that a museum's facilities are adequate for the protection of loans, a selection of up to five works can be made. An examination of each work is done by the conservation division to make certain that objects are in stable condition and fit to travel. Approval for loan must also be given by the appropriate curator, the Chief Curator, the Deputy Director, the Director, and the President. Loans are made initially for a period of 1 year, with the possibility of annual renewal for up to 5 years. If a museum wishes to renew a loan, condition report forms (exhibit D) for each object are sent for completion by a competent conservator. The completed reports are reviewed by the gallery's conservation division and, if the works remain in stable condition, loans may be renewed for another year with the approval of those officials previously listed.

COSTS TO BORROWERS

Borrowers are charged only for the direct costs associated with a loan. These may include crating, packing, handling, shipping, and insurance. Insurance is generally maintained under the gallery's policy, and the borrower is billed annually for the premium. If renewal is requested, the borrower must also assume any costs related to the annual conservation examination. Unlike many museums, the gallery does not charge a special fee for individual loans, nor does it charge for the administrative costs of making loans available.

LOANS TO TEMPORARY EXHIBITIONS

Works from the National Lending Service are also lent to museums for temporary exhibitions. With the exception of annual renewal, the conditions and costs are the same as those for extended loans.

LOANS TO U.S. EMBASSIES

Works from the National Lending Service are lent to the Art in Embassies Program, U.S. Department of State, for the decoration of U.S. ambassadorial residences abroad. All direct costs of these loans, including those of annual renewal, are paid by the Art in Embassies Program.

LOANS TO GOVERNMENT OFFICIALS

Works from the National Lending Service are available for loan to certain Government officials in Washington, DC. Guidelines for these loans are listed in exhibit E. A National Gallery of Art conservator does the annual conservation examinations of works lent to Government officials. There are not charges to the borrowers for these loans.

[Exhibits A-E are being retained in the subcommittee files.]

TRANSPORTATION OF SCULPTURE

Senator McClure. I assume, and I may be mistaken in the assumption, that moving, crating, and transporting of large pieces of sculpture may be more substantial than it is in some other activities that you undertake. Under a Lending Program, who would be responsible for these expenses?

Mr. Brown. So far our system has been to ask the recipient to provide the cost of transportation and insurance. I recognize that in the case of sculpture, if we do this as an ongoing program, we would probably maintain the crates for some of these, and have done that at our own expense. The recipients should be, under the standard museum practice, interested enough in getting the free use of this to pay us for these costs. But this may be a crushing burden for some of the smaller communities, and this is something that we should perhaps give more thought to.

SUMMER EVENING HOURS

Senator McClure. Funds were budgeted in fiscal year 1985 to support extended hours of operating during the summer. Due to the reductions made in operations and protection, however, we understand that it may be necessary to curtail summer hours. Has that decision been made?

Mr. Brown. It hasn't definitely, Mr. Chairman, but I think it is about to be, because really in the next week or two we have got to make our decision on this. It is an agonizing one, because although it is a lot of trouble, it does seem in the public interest, once you have all of the fixed assets of these extraordinary objects and buildings, to make them available in the broadest possible way.

But we are skating on very thin ice this year, Mr. Chairman, I have to confess to you, in that the 2-percent cut, which might be more readily absorbed when the size of an organization by simple scale can absorb it more easily, really cuts us to the bone. When we add that to some problems that we have had in the utilities area since General Services Administration changed the signals on us in the metering system, the bills that are coming in now as a result of these revamped meters have been making quite a drain on our utilities budget.

So in order to get through the year we probably wouldn't know about a supplemental until it was too late and we have this Rubicon to cross. So we will make the final decision when we review all the facts in a couple of weeks, but my impression is that we will have no choice, Mr. Chairman, but to curtail those hours this summer.

ADDITIONAL COMMITTEE QUESTIONS

Senator McCLURE. Well, thank you very much, Mr. Brown. There are some additional questions which we request be answered in writing for the record.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

Additional Committee Questions

Rents

Question: An increase of $30,000 is requested for "Rents -- structural." What structures does the Gallery rent? Please provide a full explanation of the anticipated increase of 62 percent for this purpose.

Answer: The Gallery rents storage space at the Navy Yard Annex through General Services Administration for storage of restroom supplies, paper towels, and operation and maintenance supplies for buildings and grounds. Effective the start of fiscal year 1985, the Gallery's SLUC (standard level user charges) rate per square foot of storage increased from $4.78 to $7.29. Therefore, the total cost of storage for FY 1986 as well as 1985 is $77,566 ($7.29 x 10,640 sq. ft.). This also means the Gallery has a shortfall of funding in FY 1985 of $30,000 for structural rents.

Question: The fiscal year 1986 budget request for rental costs of terminals, word processors, copiers, and so forth, is $333,000. Does the Gallery have an "option to purchase" clause in these rental agreements?

Answer: The Gallery does have an option to purchase in all its rental agreements. The copiers are under a rental plan with the option to purchase at any time with a credit applied from the rental. The word processors are under a three year federal lease to ownership plan (FLTOP). The FLTOP is a fixed rate over the lease period that is approximately 15% less than the federal rental plan.

Question: Has an analysis been prepared on the comparative costs and benefits of purchase of the above named equipment as opposed to continued rental? If so, please provide a copy for the record.

Answer: An analysis was prepared on the comparative costs and benefits of purchase of the word processors. A copy of this analysis follows.

SUBJECT: Cost Savings Realized Through the Purchase of the IBM Displaywriters

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IBM has instituted a new Federal Lease to Ownership Plan (FLTOP) for their word processing equipment for fiscal year 1983 that I think we should consider adopting for our displaywriters. Basically the plan allows for a full pay out lease at a fixed price over a predetermined period of time. Ownership transfers at the end of the lease period or earlier if the lease is paid out ahead of schedule. If the equipment is new, the lease period is predetermined by IBM, if the equipment is currently installed, the lease period is the predetermined lease timeframe less the number of months the equipment has been installed. The minimum term for the equipment already installed is 24 months.

Obviously, one advantage to this plan is at the end of the term we own the equipment and more importantly the FLTOP lease price is approximately 15% less than the Federal Rental Plan amount. This amounts to an annual cost savings of $25,884. In addition, the FLTOP is a fixed rate over the lease period and the Federal Rental Plan rate will undoubtedly increase in FY 84. This means our cost savings would be even greater for the next fiscal year.

Since the displaywriter equipment is relatively new in the marketplace and IBM is continually releasing new features and software to enhance the displaywriter's capabilities, I suggest we opt for the FLTOP lease plan for FY 83. The displaywriters have been well received here at the Gallery and I expect there usefulness will well exceed the three year lease term.

The accompanying table contains a list of the displaywriter equipment we currently lease, the FY 83 Federal Rental amounts along with the FLTOP lease cost. The third cost column is for monthly maintenance which is not included in the FLTOP but is included in the Federal Rental Plan. Even with the addition of the maintenance cost the FLTOP rate is significantly less than the plan we are under currently.

Please let me know what your thoughts are on this matter since we need to submit a P.O. for FY 83 as soon as possible.

DISPLAYWRITER MONTHLY COST COMPARISON CHART

Equipment	Model	Qty	Federal Rental	FLTOP Purchase	Monthly Maint.
Display (6580)	A02	1	148	98	28
	A03	1	170	107	31
	A04	23	4,416	2,645	782
Display Module	3300	25	500	250	150
Keyboarded	5330	25	300	225	100
Diskette (6360)	011	3	264	177	27
	022	22	2,904	2,046	462
Printer (5218)	A01	8	1,496	864	352
	A02	12	2,496	1,428	594
	A12	1	225	138	49
Paper Handling	1200	16	240	64	144
Tractor Feed	7850	5	65	45	45
Sheet Feed	7860	16	1,056	832	440
	Monthly total		14,280	8,919	3,204
	Annual total		171,360	145,476	
	Annual cost savings		25,884		

Conservation

Question: Please provide a comparison of the additional conservation positions identified in 1975 with those that have been provided to date (identified as to federally or trust funded), and those which are now recommended to be filled through contracts. For the remainder of the positions identified in 1975 which have not been filled to date, indicate if they are still required and include a recommendation as to the source of support for these positions (federal, trust, or contract).

Answer:

National Gallery of Art
Conservation Staffing Plan

	1975	1985 Federal		Non-Federal		Contract	Total
		Staff	Vacant*	Staff	Vacant		
Painting	4	4	4	1	-	1	10
Paper	-	2	2	1	-	-	5
Loans	2	1	1	-	-	-	2
Objects	1	2	2	1	-	-	5
Textiles	-	-	1	-	-	1	2
Science	2	3	3	-	2	-	8
Matting/Framing	1	3	2	-	-	-	5
Frames	-	1	1	-	-	-	2
Administration	-	2	3	1	-	-	6
Totals	10	18 (A)	19	4	2	2	45

FTP 13
Temp 5
18 (A)

* Positions not yet approved or funded by OMB.

Budget Structure

Question: If funds were to be provided for the Sculpture Garden construction should they be contained in a "no-year" account?

Answer: Yes, Sculpture Garden construction funds should be via "no-year" account. The number of contracts and award dates should be determined by the most logical sequence and timing and not tied to one-year.

Question: The current account structure, which basically earmarks all no-year funds for either special exhibitions or West Building renovation is getting unwieldly and would become more so, if additional earmarking was done for the Sculpture Garden. Have you considered a different structure which would provide a Salaries and Expense account (to include Special Exhibitions) and a repair/renovation and construction account -- all of which would be no-year funds? Please provide bill language which would effect this change.

Answer: Yes, we believe it would be in the best interests of the Government to establish a separate Renovation and Repair account, which would be a "no-year" account. We are enclosing proposed bill language for this new account, which combines all renovations and repairs, including the proposed National Sculpture Garden, into one account, and also changes to our appropriation language for our current Salaries and Expenses account. A summary of changes in amounts appropriated is also enclosed as a separate schedule.

NATIONAL GALLERY OF ART

Proposed Appropriation Language

RENOVATION AND REPAIRS OF BUILDINGS

For necessary expenses of renovation and repair of the buildings and facilities of the National Gallery of Art, including planning, remodeling, construction and equipping buildings and facilities of the National Sculpture Garden, by contract or otherwise, as authorized by the Act of March 24, 1937 (50 Stat. 51), as awarded by the public resolution of April 13, 1939 (Public Resolution 9, Seventy-sixth Congress), including services as authorized by 5 U.S.C. 3109, $3,300,000 to remain available until expended: Provided, that contracts awarded for environmental systems, protection systems, and restoration and renovation of buildings and facilities of the National Gallery of Art may be negotiated with selected contractors and awarded on the basis of contractor qualifications as well as price.

Appropriation Language

SALARIES AND EXPENSES, NATIONAL GALLERY OF ART

For the upkeep and operations of the National Gallery of Art, the protection and care of the works of art therein, and administrative expenses incident thereto as authorized by the Act of March 24, 1937 (50 Stat. 51), as amended by the public resolution of April 13, 1939 (Public Resolution 9, Seventy-sixth Congress), including services as authorized by 5 U.S.C. 3109; payment in advance when authorized by the treasurer of the Gallery for membership in library, museum, and art associations or societies whose publications or services are available to members only, or to members at a price lower than to the general public; purchase, repair, and cleaning of uniforms for guards, and uniforms, or allowances therefor, for other employees as authorized by law (5 U.S.C. 5901-5902); purchase, or rental of devices and services for protecting buildings and contents thereof, and operation and equipment, maintenance[, alteration, improvement, and repair] of buildings, approaches, and grounds; and purchase of services for restoration and repair of works of art for the National Gallery of Art by contracts made, without advertising, with individuals, firms, or organizations at such rates or prices and under such terms and conditions as the Gallery may deem proper, [$36,821,000] $33,404,000 [$36,704,000 of which [$3,200,000] $2,900,000 for the repair, renovation, and restoration program of the original West Building shall remain available until expended, and] of which [$3,992,000] $2,200,000 for the special exhibition program [(of which $2,000,000 is for the Treasure Houses of Britain exhibition)] shall remain available until expended[: Provided, that contracts awarded for environmental systems, protection systems, and exterior repair or renovation of buildings of the National Gallery of Art may be negotiated with selected contractors and awarded on the basis of contractor qualifications as well as price.]

(Department of the Interior and Related Agencies Appropriation Act, 1985, as included in Public Law 98-473.)

Repair and Renovation

Question: Has the Gallery prepared a long-range repair and renovation program? If so, please provide a copy.

Answer: A number of repair projects are planned, several of which (e.g. caulking of the West Building, replacement of motors) are of a continuing nature. The following is a list of known repair requirements:

Caulking of West Building
Skylight repairs
Electric motor replacement
Heat exchanger replacement (for hot water system)

Replacement of glass which gets broken
Fan replacement

Renovation projects anticipated over the next several years are as follows:

- Asbestos removal or containment
- Installation of lighting track
- Lighting (natural lighting system)
- Development of Southwest Corner of Ground Level, West Building
- Development of space for Archives function and for Graphics storage
- Conversion of space under the auditorium to space usable for office or storage functions
- Office space revisions in the East Building to adjust for program changes from the plans of the early 1970's
- Central Control System and Energy Optimization
- New dust collection system for the Carpenter Shop
- New Security System
- Replacement of worn out carpet

Training Costs

Question: An increase of $20,000 is requested for employee training, recruitment, and performance appraisal system. What portion of this increase is occasioned by the additional 24 guard positions being requested?

Answer: None of the $5,000 increase for employee training is occasioned by the additional 24 guard positions. The guard staff receives in-house training from a security training officer. The increased dollars for employee training is for specialized training for operating engineers to enable them to maintain and repair the Gallery's new "HVAC" which is no longer under vendor warranty and to train and certify steamfitters in the trade of welding to accommodate emergency repairs.

Bill Language

Question: Last year Congress changed the bill language with respect to the no-year funds available to the Gallery by deleting the words "not to exceed". These words are proposed for reinsertion in the fiscal year 1986 bill. Please explain the difference inclusion of these words will make and explain why it is recommended that they be added to the bill.

Answer: Due to a misunderstanding, we sought reinsertion of the words "not to exceed" in the fiscal year 1986 bill. However, we now recommend that the words "not to exceed" remain deleted from the language.

Utilities

Question: Page 5-7 of the justification indicates that a fiscal year 1985 supplemental of $240,000 is required for steam. Will the Gallery be submitting a supplemental request?

Answer: The Gallery submitted a utilities supplemental request to OMB on December 18, 1984 for $240,000 which was subsequently disapproved. On January 7, 1985 the Gallery then sent OMB a request for a change in our appropriation language which would permit the transfer of not to exceed $300,000 from our no-year account to our one-year account to fund the increased costs of utilities. This request was also disallowed.

Question: For each of the past three years Congress has reduced the Gallery's estimate for utility costs. Has this resulted in a base shortage?

Answer: Yes, this has resulted in a base shortage in fiscal 1985 which is why we sent the supplemental requests to OMB. The primary cause of the estimated shortage was the fact that GSA, during a routine check of the West Building steam meter, found that the meter (placed in service in March 1983) had been programmed incorrectly resulting in much lower readings. GSA subsequently corrected the programming of the meter. This has resulted in increased measured steam usage of 1 to 2 million pounds in the latter part of the summer and 3 to 4 million pounds in the peak fall and winter months. The funding shortfall was also caused by the "SLUC" rate increase mentioned in an earlier question. Our current best estimate is that this object class costs will increase by $250,000-$300,000 in fiscal 1985.

Question: How will the shortage be addressed lacking a supplemental?

Answer: Some means of addressing the shortage would be:

Cut back employee training
Cut back professional travel
Restrict hiring - not fill authorized vacancies
Not complete financial conversion to new EDP equipment
Not purchase requested equipment for new conservation staff

At present, we are closely monitoring all expenditures to effect all possible savings. However, we may be obliged to eliminate summer evening hours because of the 2% overall 1985 budget reduction, the shortage in utilities funding of $300,000, as well as the OMB requirement that we absorb 50% of the pay supplemental ($362,000).

Staffing Patterns

Question: During fiscal year 1984 and in fiscal year 1985 to date, has the Gallery had to close galleries due to lack of guards?

Answer: We have not had to close galleries frequently, but we have little margin in event of sickness and have had to cancel guard training classes.

Question: Is this due to a shortage in the area of protection, or are these funds being used to meet other pressing Gallery requirements?

Answer: This is due to the specific application of the 2% cut to the security function as well as the need to offset the utility funding shortage and the requirement to absorb 50% of the pay supplemental.

Question: How does the Gallery meet the end of year personnel ceilings which are significantly lower than authorized ceilings?

Answer: This is not a significant problem because the end of year personnel ceilings are for full-time permanent only; whereas, authorized ceilings during the year are higher because they are stated as FTE's (full-time equivalents) which includes temporary and part-time positions in addition to full-time permanents.

Question: Section 311 of the Interior bill provides that: "Employment funded by this Act shall not be subject to any personnel ceiling or other personnel restriction for permanent or other than permanent employment except as provided by law." Has the Gallery ever made use of this authority?

Answer: The Gallery has not made use of this authority. Our personnel funding is directly related to approved OMB FTE levels and the related funding for personnel compensation. Therefore, we can't exceed FTE levels because of a lack of funding. This is a "Catch 22" situation in that the bill states we are not subject to any ceiling but, as a practical matter, we are restricted because OMB passes back funds at a specific lower FTE level and further restricts salary funding by their annual requirement that all agencies absorb 50% of pay supplementals.

Questions Submitted by Senator Dale Bumpers

Funding Increase

Question: Since 1980 federal funds for the National Gallery of Art have increased by about 75%. To what do you attribute this rapid increase in the need for federal funds?

Answer: Of the increase since 1980, 54 percent was for non-discretionary pay increases including the annual comparability pay raises, annual mandatory within-grade raises for employees, increased costs of health benefits, new funding of medicare portion of FICA for all federal employees as well as additional funding for guards for newly renovated areas of the West Building. 19 percent was for construction funding of the renovation of the West Building. 10 percent was for increased costs of rents, communications and utilities. The remaining increases were for inflationary costs during this seven year period as well as increased demands by the public for Gallery services as we attempt to build toward the levels envisioned when Gallery facilities 1) doubled in square footage with the opening of the privately-donated East Building in 1978, and 2) expanded further with the occupancy of the newly renovated spaces in the West Building since then.

Question: Recognizing the need for continued austerity in our budgets, what has the National Gallery done to reduce its costs?

Answer: The Administrator's Office has closely scrutinized all purchases. Hiring has been placed on a selective basis despite the additional public space requiring maintenance. Gallery lighting has been placed on timers to avoid unnecessary usage. Saving have been made in construction/renovation work by careful monitoring. Lastly, summer evening hours have been shortened or eliminated.

SUBCOMMITTEE RECESS

Senator McClure. With that, the subcommittee will stand in recess until March 5 at 2 p.m. at which time we will review the fiscal year 1986 budget estimates for the Fish and Wildlife Service.

[Whereupon at 3 p.m., Thursday, February 28, the subcommittee was recessed, to reconvene at 2 p.m., Tuesday, March 5.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1986

TUESDAY, MARCH 5, 1985

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 2:10 p.m., in room SD–138, Dirksen Senate Office Building, Hon. James A. McClure (chairman) presiding.

Present: Senators McClure, Leahy, and Bumpers.

DEPARTMENT OF THE INTERIOR

FISH AND WILDLIFE SERVICE

STATEMENT OF CRAIG POTTER, ACTING ASSISTANT SECRETARY FOR FISH AND WILDLIFE AND PARKS

ACCOMPANIED BY:

ROBERT A. JANTZEN, DIRECTOR, FISH AND WILDLIFE SERVICE
F. EUGENE HESTER, DEPUTY DIRECTOR
HAROLD J. O'CONNOR, ASSOCIATE DIRECTOR, HABITAT RESOURCES
RONALD E. LAMBERTSON, ASSOCIATE DIRECTOR, WILDLIFE RESOURCES
JOSEPH H. KUTKUHN, ASSOCIATE DIRECTOR, FISHERY RESOURCES
ROBERT E. GILMORE, ASSOCIATE DIRECTOR, FEDERAL ASSISTANCE
RICHARD H. SMITH, ASSOCIATE DIRECTOR, RESEARCH AND DEVELOPMENT
EDWARD L. DAVIS, ASSISTANT DIRECTOR, ADMINISTRATION
EDWIN A. VERBURG, ASSISTANT DIRECTOR, PLANNING AND BUDGET
ANTHONY L. ITTEILAG, DIRECTOR OF BUDGET, DEPARTMENT OF THE INTERIOR

PREPARED STATEMENT OF SENATOR MALCOLM WALLOP

Senator MCCLURE. The subcommittee will come to order.

Today we will review the fiscal year 1986 budget request for the U.S. Fish and Wildlife Service. Testifying on behalf of the Service will be Deputy Assistant Secretary and Acting Assistant Secretary, Mr. Craig Potter, and Mr. Bob Jantzen, Director of the Service.

Of course neither of you are strangers to this subcommittee, and we are glad to welcome each of you back here.

Senator Wallop has asked that a statement of his be made a part of the record at this point as if delivered, and it is so ordered.

[The statement follows:]

STATEMENT OF SENATOR MALCOLM WALLOP

I have been joined by more than 30 other Members of the Senate and House of Representatives in expressing our collective outrage to the Office of Management and Budget's proposal to suspend the application of the Sport Fishing and Boating Enforcement Fund user fees in the manner provided by law. This move cannot be justified by simply pointing at efforts to reduce the deficit, because we are merely talking about an accounting entry, a fund, offsetting other Government debt. Unless OMB intends ultimately to apply the funds for purposes other than those specifically designated by law, it is merely playing a shell game to hide their inability to make actual spending cuts in response to the mandate of the people. If the OMB does, in fact, intend to misapply these funds, a fraud will be worked on all Americans, and believers in user fees.

In July 1984, Congress passed a bill to improve the Sport Fishing and Boating Enhancement Fund (Wallop/Breaux fund). Revenues for this fund—and the Dingell/Johnson fund which it replaced—are derived from user fees imposed on the Nation's boaters and fishermen in the form of Federal excise taxes on fishing equipment, Federal motorboat fuel taxes, and customs duties on imported watercraft and fishing tackle.

In passing this legislation, we presented to America's sportsmen, who willingly agreed to pay to this added tax burden, that the funds created would be used for specific purposes and distributed annually. We believe that our legislative language is clear and guarantees that the funds be so applied. In its development of the fiscal year 1986 budget proposal, however, the Office of Management and Budget proposes to violate the express terms of our legislation which earmarks the funds for the specific uses defined therein, and requires that the vast majority of the funds be distributed proportionately among the States annually. The misapplication of the Wallop/Breaux funds would be a substantial degradation of the user fee concept which the Reagan administration has supported. It would mandate the characterization of all user fees as merely hidden tax increases.

I assure you that I will use my best abilities to prevent the defrauding of America's fishermen and boaters which will occur if the funds are not applied in the manner and for the purposes promised. In the end, a suspension of the earmarked funds is really no different than the application of the funds to the general obligations of the Government. In either case, the benefits promised and paid for will not be forthcoming.

PREPARED STATEMENTS

Senator McCLURE. I wonder, Mr. Secretary, if you would be good enough to introduce the people that are at the table with you and then we will proceed to questions. Of course, your prepared statements will be placed in the record in full.

[The statements follow:]

STATEMENT OF CRAIG POTTER

Mr. Chairman, I would like to thank you for the opportunity to discuss the fiscal year 1986 budget for the Fish and Wildlife Service. The FY 1986 budget proposal for the Fish and Wildlife Service is $516,232,000. Congressional action is needed on $355,493,000 which is the discretionary portion of the budget request.

Mr. Chairman, as you are aware, the Department's budget for FY 1986 reflects the importance of reducing Federal spending in controlling the size of the national deficit. The budget that we are presenting for the Fish and Wildlife Service is responsive to this need while meeting the most urgent needs of the Nation's fish and wildlife resources. We will do this by proposing new thrusts, including management and administrative savings, while terminating several one-time efforts or reducing activities in other areas that have achieved an adequate level of progress.

The Service's budget proposes an increase of $1.1 million to conduct studies related to the role of lead shot in waterfowl poisoning. In cooperation with the Under Secretary, the Service has prepared an action plan to develop information needed to make objective decisions on the nature and location of lead problem areas and to identify those locations that should or should not be designated as non-toxic shot zones. Site monitoring will continue on 40 national wildlife refuges and State wildlife areas to analyze lead levels in dead, sick and hunter harvested waterfowl. Other activities will include a crippling loss study, identification of site specific areas of exposure of waterfowl to lead, and a public information program. These efforts will be conducted in close cooperation with States, private organizations, and industry.

The second area that we are emphasizing in the Service's budget is increased funding for facilities constructed to mitigate fishery losses in the Lower Snake River Basin. Service funding for these facilities was initiated in FY 1980 and will require $5.6 million in FY 1986. This includes an increase of $1.2 million to initiate operations at the new Clearwater State Fish Hatchery in Idaho and to expand operations at seven other hatcheries. While I am discussing issues related to the nation's fishery resources, I would also like to mention that no fish hatcheries are proposed for closure or transfer in FY 1986.

The Federal Aid in Sport Fish Restoration program, or the Dingell-Johnson grants, was expanded by the Wallop-Breaux amendments to the Deficit Reduction Act of 1984. Under the amendment, excise taxes on fishing equipment were expanded to include additional items of fishing equipment, and a portion of revenues derived from the Motorboat Fuel Tax, as well as import duties on yachts and pleasure boats, were designated for deposit into the Sport Fish Restoration Account. In the fiscal 1986 budget, we are requesting appropriation of all receipts from excise taxes, an estimated increase of $6.0 million from the FY 1985 level, for this program. The remaining revenues will be retained in the Aquatic Resources Trust Fund for future appropriation when the fiscal climate can sustain increased Federal expenditures.

Mr. Chairman, I would also like to discuss our land acquisition proposal of $1.5 million for acquisition management and a three year moratorium on new land acquisitions. Over the past years, the Service has received appropriations of approximately $176 million for acquisition of endangered species and other valuable refuge areas. With these funds we have actually acquired more than 72,000 acres of important habitat. The requested funding will be used for administrative costs such as title work, appraisals, and closing actions required for completion of those projects for which funds were previously appropriated. This approach will allow full utilization of current project funding and defer new acquisition expenditures without impairing the primary mission of the Service. This proposal will have no impact on the acquisition of migratory bird habitat using receipts from the sale of Duck Stamps. This program is estimated at $16.4 million in FY 1986.

The Service will achieve savings of approximately $5.6 million in FY 1986 by implementing several administrative/management improvements. These actions will include Departmental consolidations of payment and procurement centers, streamlined review procedures, and improved use of information management systems, and continuation of selected reductions under Section 2901 of the Deficit Reduction Act. Other savings will result from improved position management and changes to the Federal pay schedule.

Mr. Chairman, I have only mentioned a few of the significant points of the Fish and Wildlife Service's FY 1986 budget request. I would like to note in closing that we are continuing FY 1985 program levels for activities including the Accelerated Refuge Maintenance Management program and the resource problems on national wildlife refuges, the cooperative research units, and endangered species activities including Section 6 grants. Habitat Resources contaminant monitoring and research will also remain at the same level, although the FY 1985 demonstration program of mitigation of acidified surface waters will be concluded. Monitoring of the results of the demonstration projects will be continued, since the impacts need to be researched over a longer period of time.

This concludes my prepared remarks. I will be happy to answer any questions now or after Director Jantzen's opening statement.

STATEMENT OF ROBERT A. JANTZEN

Mr. Chairman, I am pleased to be here to describe the President's proposed budget for FY 1986 for the U.S. Fish and Wildlife Service (FWS). The budget which has been proposed for FY 1986 totals $516 million which represents a decrease of $76 million below the amount appropriated for FY 1985. Despite this decrease, I would like to point out that the proposed budget for our principal operating account, Resource Management, reflects a 32% increase in funding since FY 1982.

Prior to discussing the FY 1986 budget request, I would like to mention briefly several of our accomplishments during FY 1984 as well as ongoing areas of programmatic emphasis for 1985.

As you are aware, the FWS administers varied programs related to the development, conservation, and management of fishery resources. Among our various activities in this area, the FWS and the Department of the Interior (DOI) have completed a re-alignment of the National Fish Hatchery System implemented during the last four years. A total of 15 hatcheries that produce fish primarily for State fishery management needs have been transferred to state operation. In addition, the Bureau of Indian Affairs (BIA) has assumed funding for four hatcheries which principally serve specific Indian tribal fish management needs. The Service is continuing to operate those hatcheries under a reimbursable agreement with the BIA. The remaining 73 national fish hatcheries serve or are being redirected to serve fishery management needs for which there is a Federal responsibility. The 1986 budget proposes no closures or transfers of hatcheries. We also anticipate forwarding by July of this fiscal year the fish propagation study in response to interests voiced by your Committee.

To assist in promoting international conservation of salmon stocks, the Service has actively supported negotiations with the European Economic Community to reduce the high-seas harvest of Atlantic salmon. As a result of these negotiations, agreement has been reached to reduce the high-seas harvest by approximately 27%. The Service has also provided support to negotiations between the U.S. and Canada on a Pacific Salmon Treaty to resolve numerous issues relating to the harvest of Pacific Salmon stocks which are common to both countries. The treaty was signed last month and is now being submitted for ratification.

As a result of continued scientific research efforts by the Service and the National Marine Fisheries Service (NMFS), progress has been made toward defining factors responsible for the decline of the striped bass of the Chesapeake Bay. We feel confident, at this point, that over-fishing, habitat modification, and environmental contaminants all play a role in the decline. We hope to be able to assign weights to each factor within the next three years. In the meantime, we are embarking upon a restoration program which involves experimental stocking to maintain spawning runs of existing striped bass stocks, an assessment of the contribution of stocked fish to spawning stocks, and a determination of the impact of the stocking.

The Service also has been active with respect to wildlife resources. In FY 1982, maintenance funding on refuges was $5.7 million. The Accelerated Refuge Maintenance Management (ARMM) program was initiated in 1984 to provide for refuge maintenance needs. Approximately $14.6 million was expended during FY 1984 to rehabilitate or maintain domestic water supplies, septic systems, water control structure, dikes, roads, offices, administrative, maintenance and storage facilities, as well as habitat and wildlife populations. The Service is continuing to emphasize the ARMM program in FY 1985 ($17.2 million level), and is also implementing a program to resolve resource problems on refuges.

During the past five years, considerable resources have been made available to the Service for land acquisition. Between the period from 1981 to 1984, $73.3 million was obligated from the Migratory Bird Conservation account to obtain more than 170,000 acres of important migratory bird habitat. During the same time frame, $70.7 million from the Land and Water Conservation Fund (LWCF) has been used for the purpose of acquiring more than 72,000 acres of other valuable refuge lands. Moreover, during FY 1985, $37.6 million in new Migratory Bird Conservation Funds and $63.2 million from the Land and Water Conservation Fund are available to continue these acquisitions.

Law enforcement efforts focused on major illegal commercialization of wildlife and continued to rely on undercover operations for investigative purposes. Numerous undercover activities concerned the importing and exporting of endangered species and illegal fishery operations, particularly related to fisheries in the Pacific and Great Lakes coastal regions. One investigation concerned the illegal taking of approximately two million pounds of lake trout from Lakes Superior and Michigan.

Cooperative work continued with the States, Canada, and Mexico to implement species and population management plans for waterfowl, cranes, and other migratory birds. During 1984, 51 management plans were proposed or were under review. Extensive field work also was continued in order to provide data for evaluating stabilized duck hunting regulations in the United States and Canada.

Continued attention has been given to the development of recovery plans for endangered and threatened species. During FY 1984, the number of approved recovery plans for listed species increased by 54 to a total of 187. During this same time period, 46 more native and foreign animals and plants were added to the U.S. list of Endangered and Threatened Species. The list is currently composed of 828 species (331 domestic), consisting of 730 Endangered (270 domestic), and 98 threatened (61 domestic). Three species were reclassified from Endangered to Threatened during FY 1984: the peregrine falcon, the Utah prairie dog, and the snail darter. These reclassifications reflect improvements in species status either due to the location of additional populations or positive results due to recovery actions implemented on their behalf. Additional Section 6 cooperative agreements were also negotiated with states during FY 1984 to protect fauna and flora. Three cooperative agreements were finalized with states for fish and wildlife and three agreements were negotiated for plants. The number of cooperative agreements now totals 41 for fish and wildlife and 14 for plants.

In order to conserve our national fishery and wildlife resources, the Service conducts numerous research and assessment activities to protect habitat and to determine the effects of human activities on habitat areas. Our budget testimony before this subcommittee a year ago indicated several budgetary initiatives for FY 1985. As a result of these initiatives, we have recently commenced additional research activities related to acidified surface waters and contaminants impacting fish and wildlife. As part of the funds provided in FY 1985, we are also involved in research activities related to the coordinated national effort to clean up the Chesapeake Bay.

The status of our national wetlands continues to be a major concern to the Service. During FY 1984, we extended the National Wetland Inventory map coverage to 35% of the coterminous United States and 8% of Alaska. As a related effort, we have initiated a special wetlands study to analyze the impact of Federal programs on wetland loss. Our attention has also recently been focused on predevelopment consultation opportunities, particularly those involving agricultural activities, to conserve wetland areas for migratory waterfowl.

During FY 1984 and FY 1985, we have conducted follow-up studies designed to assess the effectiveness of Service recommendations in support of the Fish and Wildlife Coordination Act activities conducted in all of our regions. Our efforts during FY 1985 to address contaminant problems affecting Service and non-Service lands have been intensified including the establishment of a streamlined contaminant analysis capability at the Patuxent Wildlife Research Center. Our monitoring activities continue to assess fish and wildlife quality by investigating contaminants resulting from agriculture, industrial or energy-related activities.

Turning now to the FY 1986 budget, I would like to discuss the highlights of our request at this time.

Within the framework of a designed budget to "freeze" and restrain Federal spending to aid in controlling the national deficit, the Fish and Wildlife Service is proposing a budget that not only continues existing activities but also accommodates new budget initiatives.

The major thrusts of this budget proposal are:

- lead/non-toxic shot
- the Lower Snake River Compensation Plan
- the Sport Fish Restoration Account
- endangered species recovery activities
- savings from management efficiencies

The issues surrounding the use of lead shot for waterfowl hunting have created controversy within the conservation community for many years. Recent discussions between involved groups, including Federal and State agencies and industry representatives, have recognized the need to establish a basis for making objective decisions related to the role of lead shot in lead poisoning in waterfowl and the need for non-toxic shot zones. We have worked with the Under Secretary to develop an action plan to obtain the information needed to resolve outstanding questions. Although some activities will begin this year, we are proposing $1.1 million in FY 1986 to intensify these efforts. Studies will include: analysis of lead levels in waterfowl on 40 sites, identification of site specific areas of exposure to lead; a crippling loss study; and an information program to provide objective information on lead poisoning in waterfowl to the public.

The second major initiative for FY 1986 is related to restoration of salmon and steelhead trout runs in the Snake River Basin. Historically, the Snake

River system was one of the outstanding river systems for production of these anadromous fishery resources. After the construction of hydropower projects on the lower reaches of the river from 1960 to 1975, a major decline in fish runs occurred and the Lower Snake River Compensation Plan was authorized to mitigate those fishery losses. Service funding of operation and maintenance costs for fishery mitigation facilities constructed by the Corps of Engineers began in 1980. We are requesting $5.6 million in FY 1986 for operation and maintenance of facilities constructed in accordance with the Compensation Plan. This includes an increase of $1.2 million to initiate operations at the Clearwater State Fish Hatchery in Idaho and to expand operations at seven other hatcheries. The Bonneville Power Administration (BPA) reimburses the U.S. Treasury for expenditures to implement the Lower Snake River Compensation Plan.

Mr. Chairman, one of the budget proposals relates to the Federal Aid in Fish Restoration, or Dingell-Johnson, program that provides financial assistance to States for the conservation, management, and restoration of sport fish resources. Recent amendments included in the Deficit Reduction Act of 1984 expanded the source of revenue available as grants to states under this program by increasing the excise tax on fishery equipment and diverting other existing sources of revenue to this program. The FY 1986 budget will make available the increased excise taxes from fishing equipment, thus providing an additional projected $6.0 million for grants. However, in an effort to reduce overall Federal spending, the 1986 budget does not include a request for other revenues generated from import duties on yachts and pleasure boats and the motorboat fuel tax. These funds will continue to be deposited in the Aquatic Resources Trust Fund as provided in the Deficit Reduction Act. The 1986 budget also proposes appropriation language to make revenues in the account subject to the annual appropriation process.

I have identified endangered species as an important thrust because I believe our proposed budget for this activity is an example of maintaining level funding while focusing attention on high priority species. We have identified six species of marine turtles for recovery activities that will lead to the development of management and protection strategies. A total increase of $392,000 is requested to implement actions such as nesting beach surveys, a computerized tag registry, and studies of movement and seasonal distribution. At the same time, sufficient progress has been achieved on captive propagation contract work for the peregrine falcon and a habitat conservation plan for Key Largo will be completed during FY 1985, allowing an offsetting decrease in Federal funding (-$392,000).

Savings of $5.6 million from the FY 1985 appropriation that the Service will achieve by continuing the President's management improvement program initiated in FY 1985 are also an important aspect of the FY 1986 budget proposal. A part of the savings ($-939,000) will be achieved through the Service's grade bulge reduction program designed to reduce through attrition the number of GS/GM 11 through 15 positions. Administrative/headquarters reductions such as Departmental consolidations, streamlining review procedures and functions, and changes to the Federal pay schedule constitute the remainder of the savings identified for FY 1986.

Mr. Chairman, we have also requested decreased funding for several one time studies conducted in FY 1985 or in areas where progress has been sufficient to allow a reduced level of effort. For example, the demonstration project that provided funding to states to test methods of mitigating the effects of acidified surface waters will not require funding in FY 1986 (-$1.96 million). Service research activities to monitor and analyze the effectiveness of techniques used by the States in this program will continue.

Similar reductions are requested in areas such as: completion of public use displays or exhibits on refuges (-$207,000); quantification of refuge water rights at a reduced level (-$143,000); carrying out Alaska comprehensive refuge planning at a reduced level (-$225,000); completion of a study of Federal fish production needs and plans (-$245,000); and reduction of Federal funding related to Des Plaines wetlands restoration project (-$280,000).

RESOURCE MANAGEMENT

The FY 1986 budget continues the remaining Service activities in Resource Management at the FY 1985 program level and I would like to highlight a few of these areas for you.

As mentioned previously, the Accelerated Refuge Maintenance Management (ARMM) program is designed to increase maintenance funding for the refuge system. In 1986, ARMM will be funded at $17.2 million bringing to $49.0 million the total funding that has been provided by this initiative to improve the condition of refuge facilities and habitat. Another activity retained in this budget addresses the inventory that examined refuge problems caused by such factors as pollutants, land uses, public uses, exotic species, and development projects. The Service will direct approximately $4.9 million in 1986 to address these problems through actions including habitat improvement projects, water quality control, development of public interpretation/awareness programs and wildlife or ecological studies. The combined efforts of the ARMM thrust and the resource problems reinforce the Administration's commitment to proper stewardship of the Nation's wildlife resources.

Mr. Chairman, I am pleased to report, with respect to the Cooperative Research Unit program, that we will continue to seek consolidations of units where agreement can be reached with all cooperators. We anticipate that consolidated units will be achieved in 16 States by the end of fiscal 1985 and negotiations will continue with the remaining states that have separate fish and wildlife units.

The Endangered Species Section 6 grants to States are proposed at the FY 1985 level of $3.9 million in recognition of the important role the States maintain in the development of substantive programs for Endangered Species. Based on past funding requests, our current estimates are that this level of funding will provide approximately 185 projects for an estimated 145 species.

Environmental contaminant monitoring and research activities will continue in FY 1986 with emphasis on pesticide and toxic chemical monitoring in coastal wetlands, prairie potholes, and other geographic areas. Other activities will include assessment of contaminants on refuges, especially along the Gulf Coast, Upper Mississippi and Great Lakes; and analysis of samples from the National Contaminant Biomonitoring Program. The Habitat Resources Program will also continue efforts initiated in FY 1985 to address the complex problems affecting resources of the Chesapeake Bay.

CONSTRUCTION AND ANADROMOUS FISH

The FY 1986 budget request of $5.6 million for construction continues the Service's dam safety program, provides priority health and safety construction projects on Service field stations, and allows funding for advance planning. The dam safety program includes funding for biennial reinspections of dams on Service facilities ($166,000), preparation of emergency action plans ($88,000), and repairs or related actions on several high and significant hazard dams ($1.8 million). Other construction provides correction of health or safety hazards on two refuges ($1.4 million) and one research laboratory ($75,000). Projects at two national fish hatcheries are required to meet fish production responsibilities for Great Lakes trout and Pacific anadromous fishery resources ($1.1 million). Advanced planning to provide completion of pre-construction design and planning will be continued ($994,000).

We have not requested funding in fiscal 1986 for the Anadromous Fish Grant program. These projects should be supported by the states which benefit from them. Numerous examples can be provided of effective state and interstate cooperation in achieving the objectives of the Anadromous Fish Grant program to conserve, develop and enhance anadromous fishing resources. Due to the severe nature of our national fiscal deficit, and since the grants provide benefits primarily to the states, additional Federal funding has not been proposed for these grants for FY 1986.

LAND ACQUISITION

Mr. Chairman, our land acquisition funding request for fiscal year 1986 is $1.5 million to provide the necessary staff and technical support to complete obligation of previous appropriations. Between FY 1981 and FY 1985, $176.5 million was appropriated from the Land and Water Conservation Fund for the Fish and Wildlife Service's land acquisition needs. I have noted in the earlier portion of my statement how funds have been used from the Land and Water Conservation Fund during this period to acquire additional refuge lands. However, many of the acquisition projects have yet to be completed, and the requested acquisition management funds are needed for administrative costs such as title work, appraisals, and closing actions on the remaining projects.

MIGRATORY BIRD CONSERVATION ACCOUNT

No appropriation is requested from the Wetlands Loan Advance; however, receipts from the sale of Duck Stamps are estimated at $16.4 million. This level of funding will allow acquisition of 18,500 acres of essential migratory waterfowl habitat in fiscal year 1986.

PERMANENT AND TRUST FUNDS

In addition to the changes in the Sport Fish Restoration Account that I have already discussed, we have included a new permanent account this year. The Appropriation Act for FY 1985 directed establishment of a special account for deposit of rents and other charges collected for occupancy of government-owned quarters. In addition, an increase of $26.6 million in estimated receipts is anticipated in payments to States under the Pittman-Robertson program. Contributed funds for the sea lamprey program will also increase.

FY 1985 SUPPLEMENTAL

We have proposed supplemental appropriation language that would decrease the level of Youth Conservation Corps program the Service is required to conduct in FY 1985. Although we believe the YCC program provides an excellent opportunity for young people to learn about conservation while working on projects that benefit the Service, the age and experience level of the enrollees limit the tasks that they can undertake. For example, safety restrictions prohibit allowing most enrollees to perform maintenance projects that require use of power equipment or motor vehicles. We are proposing to reduce the level from $3.3 million to $1.3 million so that the Service will be able to use funds to perform the more complex and higher priority projects that require more skilled labor than the YCC program provides.

PROPOSED RESCISSION

Finally, Mr. Chairman, the budget that we have submitted a proposed rescission of $3.9 million from the FY 1985 appropriation. This rescission, in accordance with Section 2901 of the Deficit Reduction Act of 1984, provides for savings by reducing or deferring expenditures for travel, motor vehicles, publications, public affairs, and consulting services.

Mr. Chairman, this concludes my prepared testimony. I would be pleased to answer any questions you may have.

INTRODUCTION OF ASSOCIATES

Mr. POTTER. Mr. Chairman, I am always pleased to come before your committee. I would like to introduce the people at the table with me.

On my left is Bob Jantzen, the Director of the Fish and Wildlife Service.

In the front row is Dr. Gene Hester, the Deputy Director.

Hal O'Connor, is the Associate Director for Habitat Resources.

Ron Lambertson, next to me, is the Associate Director for Wildlife Resources.

Joe Kutkuhn is the Associate Director for Fishery Resources.

Bob Gilmore at the end of the table, is the Associate Director for Federal Assistance.

Dick Smith, the Associate Director for Research and Development is at the other end of the table.

Ed Davis, the Assistant Director for Administration is in the front row.

Ed Verburg, the Assistant Director for Planning and Budget is at the table.

And Tony Itteilag, is the Director of the Budget for the Department.

Senator MCCLURE. Thank you very much.

BUDGET REQUEST

Mr. POTTER. Before turning to the questions and Bob Jantzen's remarks, I would like to highlight a few things that relate to the preparation of this proposal which is now before this committee.

There were three key standards that we tried to keep an eye on as we developed this proposal. The first was the importance of reducing Federal spending; the second, which is related to the first, is the desire to seek the overall objective of controlling the national deficit, and finally, to come forward with a responsible proposal that would maintain our commitment to the most pressing resource needs.

The major funding that we are presenting to you is a request of $516 million. This is a change of $72 million below the proposed level for fiscal year 1985 of $588 million.

The main reductions occur in the areas of construction and anadromous fish grants by $18.7 million, and land acquisition by almost $62 million.

We also have not requested the wetlands loan advance money for fiscal year 1986.

Of significant importance is the fact that, we have fairly level funding for the "Resource management" account, which is the main operating appropriation for the Fish and Wildlife Service.

BUDGET INITIATIVES

A couple of initiatives: The Lower Snake River fishery mitigation initiative we feel pleased with. We are requesting an addition of $1.1 million over the fiscal year 1985 request. In addition, we have reflected the out-year adjustments for operation and maintenance as a part of that proposal.

As proposed, the mitigation plan will provide a total of 22 facilities. The budget provides for the initial operational funding for one hatchery at Clearwater and expansion at seven other hatcheries. As in the past, costs would be reimbursed to the Treasury by the Bonneville Power Administration.

The second area that I wanted to mention was land acquisition. Primarily, we are requesting funding for acquisition management needs. We will, however, have project acquisition carryover money in 1986.

We anticipate that the "Migratory bird conservation" account will generate approximately $16.4 million from duck stamp receipts. We have not, as I indicated, requested an advance.

Just for your information, we had, at the beginning of fiscal year 1985, $102 million available from the LWCF. So we should have ample carryover of 1985 funds to manage through the 1986 Land Acquisition Program.

Third, is the area of management efficiencies where we have made some headway in the past, that will carry into 1986. In 1983, we phased out area offices and as a result achieved some rather significant savings. We have also consolidated cooperative research units in 13 cases, and have agreements underway to combine 4 more.

We have had some streamlining in the area of law enforcement where we have consolidated districts from the total number of 12 to 7. These parallel regional boundaries allow for some significant management efficiencies.

The fish hatchery transfer aspect of the budget, that has been pursued so successfully with the cooperation of the committee in the past several years, is a very significant aspect of savings. We are now looking at savings of almost $3 million a year as a result of that initiative.

Finally, we have closed a couple of research facilities, for a savings in excess of $700,000 in fiscal year 1985.

Those are the highlights that make this budget proposal a legitimate one.

I feel compelled to mention one other proposal that I know you will want to discuss if I don't mention and probably will even if I do, and that is the expanded D–J proposal, the Wallop-Breaux legislation. The essence of the 1986 proposal is that it not be a permanent appropriation. The reason for this proposal is that the funding will change from an uncontrollable to a controllable account. We would be able to work with the committee in terms of addressing the budget needs. It would be subject to appropriations, of course.

I would want to point out that we would maintain a discrete fund. We would maintain all deposited moneys in the Sport Fish Restoration Fund. Compared to some of the other budget accounts where reductions are as high as 15 percent, in the "Sport fish restoration" account we are actually looking at an increase of 16 percent in the 1986 proposal.

Finally, with respect to that proposal, I would want to point out that we hope that by making this proposal we can maintain flexibility in the future in dealing with this important resource area.

With that, I would just turn to Bob Jantzen.

Senator McClure. Thank you.

Senator Leahy indicated that he has another obligation, and I would like to give him the opportunity to ask a few questions at this time.

Senator Leahy.

KINGSLAND BAY FISH HATCHERY

Senator Leahy. Mr. Chairman, I appreciate the courtesy. We are in a budget matter in the Intelligence Committee that has already taken up most of the day and will go well into the evening. So I appreciate this.

If you will excuse me for being a tiny bit parochial, something that I don't think has ever happened in the Appropriations Committee before this moment, if you will excuse that, I just want to talk a tiny bit about Vermont, which is now under a foot of snow, Mr. Chairman, which your part of the world has had a little bit of this year.

Senator McClure. A little bit more than that.

Senator Leahy. The top priority of Vermont sportsmen and the Vermont Department of Fish and Game is the construction of a new fish hatchery at Kingsland Bay on Lake Champlain. Once the snow goes away and mud season goes, I would invite any of you to come up and see it.

The principal reason that Vermonters are committed to building a new hatchery is that the Federal hatchery in Berlin, NH, was sold to the State of New Hampshire. When this was a Federal hatchery it supplied a large portion of the fish which are stocked in the Green Mountain National Forest.

It is essential that a significant portion of the operation and maintenance funds for this hatchery be provided by funds from the new tax that sportsmen are paying as a result of the passage of the Dingell-Johnson legislation.

Let's assume for the moment that the Congress fully funds the State contribution for Dingell-Johnson at $121 million rather than the requested level of $44 million.

Your national staff at the regional office in Boston has been working closely with the Vermont Fish and Game Department to clarify how the new regulations will apply to Vermont, and I appreciate their help and their cooperation. Vermont is now reexamining its stocking practices to determine whether a portion of its stocking, which is an enhancement activity, can be increased from its present level of about 20 percent to about 65 percent.

This is my question. If Vermont succeeds in evaluating and adjusting its procedures to increase its level of enhancement, would it be reasonable to assume that the amount available for Kingsland Bay would increase by about $260,000 per year?

Mr. JANTZEN. Mr. Chairman and Senator Leahy, using your assumptions, that if the hatchery were funded from a $121 million Dingell-Johnson program, and if Vermont did adjust its stocking practices, I agree that the operations and maintenance costs associated with that hatchery would qualify under the current regulation, what we call "put, grow, and take" fisheries production technique. I believe it would be likely to increase the Federal side by about $200,000 in the matching program.

DINGELL-JOHNSON

Senator LEAHY. I appreciate that.

I also might say that Vermonters are disturbed about this year's State assistance budget for fishing resources. In fact, earlier today we had a group of Vermont postmasters down to see me, and one of them is on our fish and game board in Vermont. He said, "Look, I would really like to talk to you about fish and game." They all worked to raise taxes, their own sportsmen's taxes, and supported passage last year of the new Dingell-Johnson legislation, as I did.

We are concerned that we are going to end up with a lot less than we expected, $400,000 rather than $1.2 million. Our fish and game commissioner has warned that it is going to jeopardize his efforts to rebuild Vermont's fisheries.

I am concerned that if we are cut back in money we are going to find it awfully hard, whether it is Senator McClure, myself or anybody else, to support user fees on things where we might have somebody come back and say, hey, wait a minute, what about this user fee?

Is there anything I should say to these gentlemen?

Mr. JANTZEN. Mr. Chairman and Senator Leahy, I do understand the dilemma that you find yourself faced with. I would like to point out that the funds will not be diverted. The $77 million that is not requested for appropriations will remain in the trust fund. It will gain interest. It is not being diverted to the general fund in Treasury. The purpose of going forward on an annual appropriation would be to take into consideration each year's fiscal condition. This is the rationale; but there would be no diversion of the funds.

Senator LEAHY. Mr. Chairman, I appreciate your courtesy in letting me step in out of turn with these questions. I may have some other questions for the record, if I might have the chairman's permission. If there are other questions, they would be in by the end of today.

Senator MCCLURE. Thank you.

Mr. JANTZEN. Mr. Chairman and Senator Leahy, there is one other element of my earlier response on the fish hatchery issue, that is the State has an opportunity to adjust its priorities by project. So it would be a determination of the State to place a particular project as a high priority within its allowable funding.

Senator LEAHY. I understand. Thank you.

FISHERY MANAGEMENT

Senator McClure. Senator Leahy, before you go, because it affects the question that you asked, we have over the last 2 or 3 fiscal years attempted to reassess U.S. participation in fisheries activities on the basis of either the sharing of matching funds under Dingell-Johnson and now in the broader areas of fish and game management in the Wallop-Breaux funds, but we have tried to emphasize a Federal responsibility as the area of priority rather than simply trying to plug gaps that the State fish and game department might not have plugged. Is that not correct?

Mr. Jantzen. Yes; Mr. Chairman, it is. We have just completed a process, that is at the departmental level now, which really sets forth four major areas where there is a definite Federal role. The mitigation activity in the Lower Snake basin is a classic example. This is a very high priority from the Federal standpoint.

Senator McClure. The reason I mentioned that is that policy determination might affect the State-Federal relationships even with respect to hatcheries in Vermont.

Mr. Jantzen. Insofar as anadromous fish are concerned, I think it would be beneficial. We would view the anadromous fish, fish that come upstream from the ocean to spawn, as a high Federal priority. Also, Great Lakes fisheries are a high priority. Production, as I understand it, at the Kingsland Bay hatchery would be for the purposes of a State program that would qualify under the Dingell-Johnson regulations.

Senator Leahy. It is those anadromous fish that I want to be out there catching at some point.

Senator McClure. I have no objection to that.

There is no money in the budget this year for anadromous fisheries, is that correct?

Mr. Jantzen. There is no funding for grants to States from the Anadromous Fish Conservation Act, Mr. Chairman.

Senator McClure. So while that may be a Federal responsibility, there is no Federal response to that responsibility in this year's budget.

Mr. Jantzen. I was speaking in terms of the Resource Management Program that the Fish and Wildlife Service has as a Federal responsibility. The Anadromous Fish Conservation Act is a grant-in-aid program to assist States in conservation and enhancement of anadromous fish.

1985 BUDGET SAVINGS

Senator McClure. Mr. Jantzen, I want to take just a few minutes to summarize the budget situation facing the Fish and Wildlife Service in 1985 and 1986. Some of the budget proposals are reasonable and deserve our active consideration while others seem to me to be less responsible and not in full compliance with existing law.

The Service's 1986 request for its major operating account is $298,735,000, a decrease of $6,403,000, or 27 percent, from 1985 appropriations to date. The request for the "Construction" account is for $5,613,000, a decrease of $18,685,000, or 77 percent, from 1985 appropriations to date. In 1985 we appropriated $63,218,000 for land acquisition from the Land and Water Conservation Fund. For fiscal year 1986 the Service is requesting only $1.5 million for land acquisition.

Also pending before the committee is a proposed rescission for $3,909,000 pursuant to section 2901 of the Deficit Reduction Act of 1984. While the Service will be faced with increased pay costs of $4,538,000 in fiscal year 1986, there are no additional funds requested, and the Service will be expected to absorb this amount. Further, the Service will be expected to absorb the $1,200,000 cost increase of the Unemployment Compensation Program in 1986.

Mr. Jantzen, I would also mention that $6 million was used in fiscal year 1985 to pay for firefighting expenses, but the administration is not requesting a firefighting supplemental as mandated by section 102 of our appropriations bill to replace this money. This particular proposal, in our judgment, is not in compliance with section 102 of our bill and is an irresponsible reaction to our efforts to find a way to pay firefighting costs after the costs are known and not to appropriate an estimate that frequently exceeded actual costs.

In summary, by not requesting pay supplementals, by proposing to have you absorb unemployment compensation, and by proposing section 2901 rescissions totaling 21 percent of funds available for those specific categories, the 1985 budget estimate for the Service amounts to giving you $295 million and directing you to carry out a program for which Congress appropriated $305 million.

How will you achieve those savings in 1985?

FIRE SUPPRESSION COSTS

Mr. JANTZEN. Mr. Chairman, we have information on the rescissions and their impacts. We will have to, of course, spread our resources more than we have in the past. I think we do have some management efficiencies which will help absorb additional costs.

The language concerning the fire supplemental is basically straightforward. It was a matter which was a departmental determination. I think Mr. Potter has some additional information on that particular subject. Also, Mr. Itteilag is here from the departmental Budget Office; he may wish to respond to the issue.

Senator MCCLURE. I wonder if you would provide to the committee a list of the specific initiatives that you will undertake, by category and by amount of money, that will elicit the savings that have been outlined here.

Mr. JANTZEN. Yes, sir; we would be happy to supply this information to the committee.

[The information follows:]

1985 REVISED BUDGET ESTIMATES

[In thousands of dollars]

Budget activity/subactivity	Fiscal year 1985 enacted appropriation	Proposed rescission	Pay cost absorption	Unemployment compensation	Fiscal year 1985 revised estimate
RESOURCE MANAGEMENT					
Field operations	23,767	(-354)	(357)	(140)	22,916
National wetlands inventory	5,393	(-40)	(30)	(9)	5,314
Research/development	15,409	(-289)	(224)	(67)	14,829
Coop units	4,679	(-77)	(59)		4,543
Total, habitat resources	49,248	-760	-670	-216	45,602
Refuge O&M	100,741	(-1,243)	(1,476)	(660)	97,362
LE and protection	10,045	(-222)	(145)		9,678
Population management	22,527	(-198)	(267)		22,062
Research/development	12,291	(-189)	(200)		11,902
Alaska subsistence grants	980				980
Total, wildlife resources	146,584	-1,852	-2,088	-660	141,984
Hatchery O&M	24,582	(-297)	(364)	(204)	23,717
Lower Snake River	4,499	(-10)	(10)		4,479
Refuge O&M	2,173	(-32)	(26)		2,115
LE and protection	2,143	(-47)	(31)		2,065
Population management	1,723	(-26)	(37)		1,660
Research/development	11,069	(-166)	(184)		10,719
Total, fishery resources	46,189	-578	-652	-204	44,755
Listing	2,967	(-52)	(42)		2,873
LE and protection	7,363	(-159)	(110)	(120)	6,974
Consultation	2,593	(-34)	(56)		2,503
Recovery	5,985	(-115)	(42)		5,828
Research/development	4.237	(-126)	(48)		4,063
Cooperation with States	3,920				3,920
Total, endangered species	27,065	-486	-298	-120	26,161
Executive direction	7,214	(-104)	(109)		7,001
Administrative services	11,762	(-61)	(293)		11,408
Related supplemental services	17,076	(-28)			17,048
Total, general administration	36,052	-193	-402		35,457
Total, resource management	305,138	-3,869	-4,110	-1,200	295,959
Appropriation:					
Construction	24,298	40			24,258
Total, FWS	329,436	-3,909	-4,110	-1,200	320,217

FIRE COSTS REPROGRAMMING PROPOSALS

Senator McCLURE. Mr. Secretary, with respect to the departmental matter do you have a comment?

Mr. POTTER. Yes, Mr. Chairman; it is true that in the supplemental for 1985 we have requested $4 million. Various reprogramming proposals are being considered, but no final decisions have been made. It is my understanding that the Secretary has pledged to take a look at this in some detail.

As far as the impact departmentwide, it was a departmentwide initiative in the context of all fire costs. Perhaps Mr. Itteilag would respond since there are crosscutting agency implications.

Senator McClure. I am concerned about it, because it seems to me in some areas you have done some things that are less defensible than others in putting together a budget proposal.

I understand the difficulty of trying to achieve budgetary savings when we are faced with a $200 billion budget deficit, but I will say what I have tried to say time and time again: You cannot get it all out of discretionary expenditures. The President says you can't cut defense, you can't touch Social Security, you can't increase revenues, and you can't affect the social safety net. There isn't much left, is there? That means you get some Draconian cuts in areas where you can, under the President's, guidelines reach.

I am a great supporter of this administration and of this President, and I agree with the necessity of dealing with that budget deficit. We have got to broaden the vision of where we can get those savings or we are going to do violence to some programs that the Congress has given some priority to.

I am sure you have some management initiatives that will save some of the amount, but I expect that some of the savings will result in specific program reductions. You can't just generalize and say somehow we will get it. It is going to come from somewhere.

For example, this committee added $5 million to the fiscal year 1985 budget for the Service to address specific resource threats on our wildlife refuges. We printed a list of those initiatives in our fiscal year 1985 report. Will any of those initiatives be foregone?

1985 COMMITTEE INITIATIVES

Mr. Jantzen. Mr. Chairman, I would like to defer some of the more specific questions to my staff, if I might.

Senator McClure. Surely.

Mr. Lambertson. Mr. Chairman, we do not intend to take money from those specific areas such as the maintenance budget or from the resource problems. We consider the resource problems priority list that was provided to you to be very high priority items and intend to maintain those.

Senator McClure. It is your expectation that there would be no reduction in those specific items listed in the report?

Mr Lambertson. That is correct.

Senator McClure. Would you provide for the committee a list of reductions in other congressional add-ons?

Mr. Lambertson. For just the resource problems area or for the entire Service?

Senator McClure. For the entire service.

Mr. Jantzen. Yes, Mr. Chairman; Dr. Verburg can provide that information.

[The information follows:]

MANAGEMENT INITIATIVES

The fiscal year 1986 management initiatives reductions are being applied to Washington and regional office activities. None of these reductions will be taken from projects related to fiscal year 1985 congressional add-ons and the level of activities, outputs, or accomplishments associated with these projects should not be affected by the management/administrative reductions.

The Service is proposing programmatic decreases in 1986 related to the phase down or completion of some activities funded in 1985 through congressional add-ons. The Service will phase down the following activities in 1986: Des Plaines wetland demonstration project; Alaska comprehensive planning; water rights on refuges; and public use on refuges. Substantial base funding will remain to continue efforts on Alaska comprehensive planning, water rights quantification on refuges, and public use activities on refuges.

The Service will complete the fishery production study in 1985; continued funding in 1986 will be unnecessary.

FIRE SUPPLEMENTAL REQUEST

Senator MCCLURE. We know, and it is no secret, I guess, that one of the first places you look to effect savings is where you didn't intend to spend the money in the first place. Congress added it; you didn't really want it; it is easy to justify then taking it out. And that's why I asked the question.

The lack of a fire supplemental request to replenish the "Land and Water Conservation Fund" account means that 6 million dollars' worth of acquisitions will not proceed. Do you know at this time which tracts will not be acquired?

Mr. JANTZEN. Mr. Chairman, Secretary Potter mentioned earlier that the matter is still under review at the departmental level. We do not have a decision yet.

Senator MCCLURE. Do you have any idea when it will be forthcoming?

Mr. ITTEILAG. Mr. Chairman, when the Secretary was before you last week I believe he made a commitment to address this issue during the months of March and April, and he fully intends to do so.

1985 RESCISSION

Senator MCCLURE. One of the reasons that this hearing will have to recess by 3 p.m. this afternoon is that we have a full committee markup session set to address, among other things, the section 2901 rescission proposals. According to your justifications the reduction in motor vehicle operations will result in the reduction of scheduled maintenance and operations of refuges and will reduce the frequency of port inspections. Can you specify at this time which refuges and ports will be impacted?

Mr. JANTZEN. Mr. Lambertson has that information.

Mr. LAMBERTSON. Mr. Chairman, we have just tentatively allocated those proposed cuts to the regions. We will be meeting with them in the next several weeks to decide specifically where that will be done. At the present time we cannot identify to the field station how that will occur.

Senator McClure. When will you have that? You say in the next several weeks.

Mr. Lambertson. Yes; we have a meeting starting about April 10, and we will go through that in some detail. So far we have general numbers by region, but we have not gotten to the point for next year's budget of getting that down to the individual field stations.

Senator McClure. If you are going to start those meetings in April, when will you complete those meetings?

Mr. Lambertson. The preliminary cut will be within a week after that.

Senator McClure. Could you provide for this committee a list of those preliminary cuts?

Mr. Lambertson. We will provide this information to the committee.

[The information follows:]

PROPOSED FISCAL YEAR 1986 RESCISSIONS

The proposed rescissions have been distributed to the individual station level. Allocation of this rescission between the field and regional offices will be:

Appropriation/activity	Field station	Regional/Washington	Total
Resource management	$2,312,474	$1,556,526	$3,869,000
Habitat resources	596,074	86,926	683,000
Cooperative units	68,500	8,500	77,000
Wildlife resources	1,150,900	701,100	1,852,000
Fishery resources	497,000	81,000	578,000
Endangered species		486,000	486,000
Executive direction		104,000	104,000
Administrative services		89,000	89,000
Construction		40,000	40,000
Total	2,312,474	1,596,526	3,909,000

The following activity/subactivity tables provide additional details by field station of the distribution of the resource management rescission proposal.

Proposed FY 1985 Rescissions
Section 2901, Deficit Reduction Act

Activity: Habitat Resources

State	Field Station	Motor Vehicle	Travel	Public Affairs	Publications	Consultant Services	Total
Alabama	Daphne Eco Svcs		6,000				6,000
Alaska	Anchorage Eco Svcs		6,000				6,000
	Juneau Eco Svcs		6,000				6,000
	Fairbanks Eco Svcs		6,000				6,000
Arizona	Phoenix Eco Svcs		4,000				4,000
California	Sacramento Eco Svcs	15,429	5,000		2,000		22,429
	Laguna Niguel Eco Svcs		4,500				4,500
Colorado	Ft. Collins, WELUT	18,000	10,000		10,000		38,000
	Grand Junction Eco Svcs		3,000				3,000
Florida	St. Petersburg NWI		24,000		6,000		30,000
Idaho	Boise Eco Svcs		3,000				3,000
Illinois	Rock Island Eco Svcs	5,429	3,000				8,429
Indiana	Bloomington Eco Svcs	10,000	3,000				13,000
Kansas	Manhattan Eco Svcs		3,000		2,000		5,000
Louisiana	Slidell, NCET		10,000		10,000		20,000
	Lafayette Eco Svcs	7,714	5,000		1,000		13,714
Maryland	Annapolis Eco Svcs		8,000				8,000
	Patuxent WRC		15,000			88,000	103,000
Michigan	Ann Arbor G. Lakes Lab		10,000				10,000
	East Lansing Eco Svcs		4,000		1,000		5,000
Minnesota	St. Paul Eco Svcs		4,000				4,000
Mississippi	Vicksburg Eco Svcs		6,000		2,000		8,000
Missouri	Columbia Fish Lab		15,000				15,000
	Columbia Eco Svcs		4,000		1,000		5,000
Montana	Billings	9,000	4,000				13,000
Nebraska	Grand Island Eco Svcs	6,429	3,000				9,429
N. Hampshire	Concord Eco Svcs		6,000				6,000
N. Mexico	Albuquerque Eco Svcs	15,429	5,000				20,429
New York	Cortland Eco Svcs.	7,929	6,000				13,929
N. Carolina	Raleigh Eco Svcs		6,000				6,000
N. Dakota	Bismarck Eco Svcs		3,000				3,000
Ohio	Columbus Eco Svcs		3,000				3,000
Oklahoma	Tulsa Eco Svcs		4,000				4,000
Oregon	Portland Eco Svcs		6,000				6,000
Penna.	State College Eco Svcs	7,500	6,000				13,500
S. Carolina	Charleston Eco Svcs	7,715	5,000				12,715

S. Dakota	Pierre Eco Svcs		6,000				6,000
Texas	Ft. Worth Eco Svcs		5,000				5,000
	Clear Lake Eco Svcs		5,000				5,000
	Corpus Christi Eco Svcs		5,000				5,000
Utah	Salt Lake City Eco Svcs		5,000				5,000
Washington	Olympia Eco Svcs		5,000				5,000
W. Virginia	Leetown, EELUT					100,000	100,000
Wisconsin	Green Bay Eco Svcs		3,000				3,000
Wyoming	Cheyenne Eco Svcs		4,000				4,000
Field Station Totals		110,574	262,500		35,000	188,000	596,074
Regional Offices		15,426	13,500	14,000	7,000		49,926
Washington Offices			37,000				37,000
Total Rescissions		126,000	313,000	14,000	42,000	188,000	683,000

Proposed FY 1985 Rescissions
Section 2901, Deficit Reduction Act

Cooperative Units

State	Field Station	Motor Vehicle	Travel	Public Affairs	Publications	Consultant Services	Total
Alabama	Fish & Wildlife Unit	2,000	500				2,500
Alaska	Fishery Unit	1,000	300				1,300
	Wildlife Unit	1,000	300				1,300
Arizona	Fishery Unit	1,000	300				1,300
	Wildlife Unit	1,000	300				1,300
California	Fishery Unit	1,000	300				1,300
Colorado	Fish & Wildlife Unit	2,000	500				2,500
Florida	Fish & Wildlife Unit	2,000	500				2,500
Georgia	Fish & Wildlife Unit	2,000	500				2,500
Hawaii	Fishery Unit	2,000	300				2,300
Idaho	Fishery Unit	1,000	300				1,300
	Wildlife Unit	1,000	300				1,300
Iowa	Fishery Unit	1,000	300				1,300
	Wildlife Unit	1,000	300				1,300
Louisiana	Fishery Unit	1,000	300				1,300
	Wildlife Unit	1,000	300				1,300
Maine	Fish & Wildlife Unit	2,000	500				2,500
Massachusetts	Fishery Unit	1,000	300				1,300
	Wildlife Unit	1,000	300				1,300
Mississippi	Fish & Wildlife Unit	2,000	500				2,500
Missouri	Fish & Wildlife Unit	2,000	500				2,500

State	Field Station	Motor Vehicle	Travel	Affairs	Publications	Services	Total
Montana	Fishery Unit	1,000	300				1,300
	Wildlife Unit	1,000	300				1,300
New York	Fish & Wildlife Unit	2,000	500				2,500
North Carolina	Fishery Unit	1,000	300				1,300
Ohio	Fishery Unit	1,000	300				1,300
	Wildlife Unit	1,000	300				1,300
Oklahoma	Fish & Wildlife Unit	2,000	500				2,500
Oregon	Fishery Unit	1,000	300				1,300
	Wildlife Unit	1,000	300				1,300
Pennsylvania	Fish & Wildlife Unit	2,000	500				2,500
South Dakota	Fish & Wildlife Unit	2,000	500				2,500
Tennessee	Fishery Unit	1,000	300				1,300
Utah	Fish & Wildlife Unit	2,000	500				2,500
Virginia	Fish & Wildlife Unit	2,000	500				2,500
Washington	Fishery Unit	1,000	300				1,300
Wisconsin	Fishery Unit	1,000	300				1,300
	Wildlife Unit	1,000	300				1,300
Wyoming	Fish & Wildlife Unit	2,000	500				2,500
Subtotal		54,000	17,500				68,500
Washington Office			3,500		5,000		8,500
TOTAL		54,000	18,000		5,000		77,000

PROPOSED FY 1985 Rescissions
Section 2901, Deficit Reduction Act

Wildlife Resources/Refuge Operations and Maintenance

State	Field Station	Motor Vehicle	Travel	Public Affairs	Publications	Consultant Services	Total
Alabama	Eufaula		1,000				1,000
	Reelfoot		1,000				1,000
	Wheeler		2,000		1,700		3,700
Alaska	Alaska Maritime NWR	10,000					10,000
	Anchorage (DWRC) Research Station		2,000				2,000
	Arctic NWR	10,000	5,000				15,000
	Izembek NWR	10,000					10,000
	Kenai NWR	10,000	5,000				15,000
	Tetlin NWR				4,000		4,000
Arizona	Buenos Aires NWR				2,500		2,500
	Cibola NWR	10,000					10,000
	Kofa NWR	14,000	3,800				17,800
Arkansas	Felsenthal	8,000	1,000				9,000
	Wapanocca				1,600		1,600
California	Humboldt NWR	200					200
	Kern NWR	4,800	3,000				7,800
	Modoc NWR	2,800	1,000				3,800
	Sacramento NWR	6,100	6,000				12,100
	Salton Sea NWR	2,100	2,000				4,100
	San Francisco Bay NWR	5,700	4,000				9,700
	San Luis NWR	5,000	3,000				8,000
Colorado	Alamosa NWR	8,000	700		500		9,200
	Arapaho NWR		1,000			1,800	2,800
	Brown's Park NWR		1,000				1,000
	Monte Vista NWR		700		500		1,200

Wildlife Resources/Refuge Operations and Maintenance

State	Field Station	Motor Vehicle	Travel	Public Affairs	Publications	Consultant Services	Total
Delaware	Bombay Hook NWR	9,000			1,000		1,000
Florida	Chassahowitzka	8,000	1,000				9,000
	J.N. "Ding" Darling	8,000			1,600		9,600
	Lake Woodruff	8,000					8,000
	Loxahatchee		2,000		1,700		3,700
	Merritt Island		3,000		1,700		4,700
	St. Marks		2,000		1,700		3,700
Georgia	Okefenokee	8,000	2,000		1,700		11,700
	Piedmont	8,000			1,700		9,700
	Savannah	8,000	2,000				10,000
Hawaii	Hawaiian Islands NWR	6,600	3,000				9,500
Idaho	Bear Lake NWR	1,900					1,900
	Camas NWR	1,600	1,000				2,600
	Deer Flat NWR	2,500	1,000				3,500
	Grays Lake NWR	1,300					1,300
	Kootenai NWR	1,400					1,400
	Minidoka NWR	1,100					1,100
	S.E. Idaho Refuge Complex	1,200	1,000				2,200
Illinois	Calhoun District		600				600
	Chautauqua NWR		400		500		900
	Crab Orchard NWR	8,000	600		1,000		9,600
	Mark Twain NWR		600				600
	Savanna District		700		200		900
Indiana	Muscatatuck NWR		300		500		800
Iowa	De Soto NWR		1,100		1,000		2,100
	Louisa District		700				700
	McGregor District		925				925
	Union Slough		500				500

Wildlife Resources/Refuge Operations and Maintenance

State	Field Station	Motor Vehicle	Travel	Public Affairs	Publications	Consultant Services	Total
Kansas	Kirwin NWR		1,000		1,000	1,500	3,500
	Flint Hills NWR		1,000				1,000
	Quivira NWR		1,000		900		1,900
Louisiana	Lacassine	8,000					8,000
Maine	Moosehorn NWR	9,000	1,000				10,000
Massachusetts	Great Meadows NWR				1,000		1,000
	Parker River NWR		1,000		1,000		2,000
Michigan	Seney NWR		300				300
	Shiawassee NWR	5,000	1,555			5,000	11,555
Minnesota	Agassiz NWR		1,150				1,150
	Big Stone NWR		300		2,000		2,300
	Detroit Lakes WMD	1,000					1,000
	Fergus Falls WMD	1,000					1,000
	Litchfield WMD	1,000					1,000
	Minnesota Valley NWR		1,520		2,000	4,000	7,520
	Morris WMD	10,000					10,000
	Rice Lake NWR		625				625
	Sherburne NWR	2,000	600		4,200		6,800
	Tamarac NWR		800				800
	Upper Mississippi River Complex		450		2,600	5,000	8,050
	Winona District		475				475
Mississippi	Hillside		2,000				2,000
	Mississippi Sandhill Crane		2,000		1,700		3,700
	Noxubee	8,000	1,000				9,000
Missouri	Clarence Cannon		700				700
	Mingo NWR		700				700
	Squaw Creek NWR		2,000				2,000
	Swan Lake NWR		800				800

Wildlife Resources/Refuge Operations and Maintenance

State	Field Station	Motor Vehicle	Travel	Public Affairs	Publications	Consultant Services	Total
Montana	Benton Lake NWR	11,300					11,300
	Benton Lake WMD		3,000				3,000
	Bowdoin NWR					4,700	4,700
	Charles M. Russell NWR		3,600		4,000		7,600
	National Bison Range		5,000				5,000
Nebraska	Crescent Lake NWR				1,000		1,000
	Rainwater Basin WMD		2,000				2,000
	Valentine NWR				2,000		2,000
Nevada	Desert NWR	2,900	2,000				4,900
	Ruby lake NWR	1,700	1,000				2,700
	Stillwater NWR	2,600	1,000				3,600
New Jersey	Edwin B. Forsythe NWR	10,000					10,000
	Great Swamp NWR	9,000					9,000
New Mexico	Bosque del Apache NWR	10,000	500				10,500
	Grulla NWR				2,200		2,200
	San Andres NWR				2,300		2,300
New York	Iroquois NWR				1,000		1,000
	Montezuma NWR		1,000		1,000		2,000
North Carolina	Currituck					10,000	10,000
	Mattamuskeet		2,000				2,000
North Dakota	Arrowwood NWR Complex	12,000	1,500				13,500
	Audubon NWR Complex		1,500				1,500
	Bismarck					4,500	4,500
	Des Lacs NWR Complex		2,000				2,000
	Devils Lake WMD		1,500				1,500
	J. Clark Salyer NWR	9,000	1,500				10,500
	Kulm WMD		1,500				1,500
	Sullys Hill Nat'l Game Preserve				3,000		3,000
	Tewaukon NWR Complex		1,500				1,500

Wildlife Resources/Refuge Operations and Maintenance

State	Field Station	Motor Vehicle	Travel	Public Affairs	Publications	Consultant Services	Total
Ohio	Ottawa NWR	35,000					35,000
Oklahoma	Cabeza Prieta NWR		2,000				2,000
	Salt Plains NWR	10,000					10,000
Oregon	Klamath Basin NWR	5,400	6,000				11,400
	Malheur NWR	4,000	4,000				8,000
	Sheldon/Hart NWR	3,200	2,000				5,200
	Umatilla NWR	3,800	2,000				5,800
	Wm. L. Finley NWR	3,400	2,000				5,400
Pennsylvania	Erie NWR				1,000		1,000
	Tinicum NWR				1,000		1,000
South Carolina	Cape Romain	8,000			1,600		9,600
	Santee				1,700		1,700
South Dakota	Aberdeen	13,000					13,000
	Huron	9,000					9,000
	Lake Andes NWR		3,000			1,000	4,000
	Madison WMD		3,000		1,000	1,000	5,000
	Sand Lake NWR		3,000			1,000	4,000
	Waubay NWR		3,000			1,000	4,000
Tennessee	Cross Creeks	8,000					8,000
	Hatchie	8,000					8,000
	Reelfoot				1,600		1,600
	Tennessee	8,000	1,000				9,000
Texas	Brazoria NWR	10,000					10,000
	Big Boggy NWR				2,500		2,500
	Laguna Atascosa NWR	10,000					10,000
	Rio Grande Valley NWR				2,500		2,500
Utah	Fish Springs NWR		1,000				1,000
	Ouray NWR	7,700	1,000				8,700

Wildlife Resources/Refuge Operations and Maintenance

State	Field Station	Motor Vehicle	Travel	Public Affairs	Publications	Consultant Services	Total
Virginia	Back Bay NWR	2,000					2,000
	Chincoteaque NWR	17,000	1,000		3,000		21,000
	Great Dismal Swamp NWR				1,000		1,000
Washington	Columbia NWR	2,500	2,000				4,500
	Little Pend Oreille NWR	800					800
	Lower Columbia River Refuge Complex	7,100	4,000				11,100
	Nisqually NWR	2,300	2,000				4,300
	Turnbull NWR	2,200	1,000				3,200
Wisconsin	Horicon NWR		550		3,000	4,000	7,550
	LaCrosse District		250				250
	Necedah NWR	25,000	400				25,400
	Trempealeau		400				400
Wyoming	National Elk Refuge	11,000	3,000				14,000
Total Field Stations Rescissions		$519,200	$169,300		$77,900	$44,500	$810,900
Regional Offices		8,800	197,700	31,000	32,100	75,500	345,100
Washington Office		0	51,000	4,000	15,000	17,000	87,000
Total		$528,000	$418,000	$35,000	$125,000	$137,000	$1,243,000

PROPOSED FY 1985 Rescissions
Section 2901, Deficit Reduction Act

Wildlife Resources/Research and Development

State	Field Station	Motor Vehicle	Travel	Public Affairs	Publications	Consultant Services	Total
Colorado	Denver Wildlife Research Lab					24,000	24,000
	Ft. Collins (OIT)					19,000	19,000
Idaho	Twin Falls (DWRC)		5,000			6,000	11,000
Total Field Stations			$5,000			$49,000	$54,000
Regional Offices							0
Washington Office		36,000	37,000		19,000	43,000	135,000
Total Rescissions		$36,000	$42,000		$19,000	$92,000	$189,000

PROPOSED FY 1985 Rescissions
Section 2901, Deficit Reduction Act

Wildlife Resources/Wildlife Management

State	Field Station	Motor Vehicle	Travel	Public Affairs	Publications	Consultant Services	Total
Wisconsin	Madison (NWHL)		1,000				1,000
Total Field Stations			$1,000				$1,000
Regional Offices			13,000		4,000		17,000
Washington Office			36,000		9,000		45,000
Total Rescissions			50,000		13,000		63,000

PROPOSED FY 1985 Rescissions
Section 2901, Deficit Reduction Act

Wildlife Resources/Law Enforcement

State	Field Station	Motor Vehicle	Travel	Public Affairs	Publications	Consultant Services	Total
Alabama	Montgomery		3,000				3,000
Alaska	Fairbanks	7,000	4,000				11,000
Arizona	Mesa		2,500				2,500
California	Fresno	11,500					11,500
	Los Angeles		2,600				2,600
	Sacramento		2,400				2,400
Florida	Tallahassee		3,000				3,000
	Miami Springs		3,000				3,000
Georgia	Atlanta	9,000	3,000		2,000		14,000
Louisiana	Slidell	9,000	2,000				11,000
Maryland	Cambridge	25,000	6,000				31,000
Massachusetts	Boston		6,000				6,000
Nevada	Reno		2,200				2,200
New Mexico	Albuquerque		1,000				1,000
New York	New York City		6,000				6,000
North Carolina	Raleigh	8,000	2,000				10,000
North Dakota	Bismarck	13,000					13,000
Oklahoma	Oklahoma City		1,000				1,000

Wildlife Resources/Law Enforcement

State	Field Station	Motor Vehicle	Travel	Public Affairs	Publications	Consultant Services	Total
Oregon	Klamath Falls	11,500					11,500
South Dakota	Pierre	13,000					13,000
Tennessee	Nashville		2,000				2,000
Texas	Fort Worth	13,800	1,500				15,300
	Huston		1,500				1,500
	San Antonio		1,500				1,500
Washington	Bellevue		1,800				1,800
Total Field Stations		$120,800	$58,000		$2,000		$180,800
Regional Offices		5,200	29,000		7,000		41,200
Washington Office		0	0		0		0
Total Rescissions		$126,000	$87,000		$9,000		$222,000

PROPOSED FY 1985 Rescissions
Section 2901, Deficit Reduction Act

Wildlife Resources/ADC Operations

State	Field Station	Motor Vehicle	Travel	Public Affairs	Publications	Consultant Services	Total
Arizona	Phoenix		6,000				6,000
Arkansas	Little Rock		1,000				1,000
	Stuttgart		1,000				1,000
California	Sacramento		8,000		3,000		11,000
Colorado	Grand Junction		5,500		1,700		7,200
Idaho	Boise		8,000		1,000		9,000
Kentucky	Louisville		1,000				1,000
Louisiana	Baton Rouge		1,000				1,000
	Crowley		1,000				1,000
Minnesota	St. Paul (PWRC Research Station)		1,000				1,000
Montana	Billings		5,800		1,800		7,600
Nebraska	Lincoln		1,800		600		2,400
Nevada	Reno		5,000		1,000		6,000
New Mexico	Albuquerque		1,400				1,400
North Dakota	Bismarck		2,700		800		3,500
Oklahoma	Oklahoma City		13,200				13,200
Oregon	Portland		6,000		2,000		8,000

Wildlife Resources/ADC Operations

State	Field Station	Motor Vehicle	Travel	Public Affairs	Publications	Consultant Services	Total
South Dakota	Pierre		400		100		500
Tennessee	Nashville		1,000				1,000
Texas	San Antonio		4,600				4,600
Utah	Salt Lake City		6,400		2,000		8,400
Wyoming	Cheyenne		6,400		2,000		8,400
Total Field Stations			$88,200		$16,000		$104,200
Regional Offices			10,800		11,000		21,800
Washington Office			7,000		2,000		9,000
Total Rescissions			$106,000		$29,000		$135,000

Proposed FY 1985 Rescissions
Section 2901, Deficit Reduction Act

Fishery Resources
Hatchery O&M

State	Field Station	Motor Vehicle	Travel	Public Affairs	Publications	Consultant Services	Total
Alabama	Carbon Hill NFH	$ 1,080	$ 1,040				$ 2,120
Arizona	Willow Beach NFH		500				500
	Pinetop - Hatchery Biol.		400				400
Arkansas	Norfork NFH	4,320	635				4,955
	Greers Ferry NFH	1,800	2,325				4,125
	Heber Spr. - Hatchery Biol.	360	890				1,250
	Mammoth Spr. NFH	1,440	615				2,055
California	Tehama/Colusa FF		1,000				1,000
	Coleman NFH		2,000				2,000
Colorado	Fort Morgan FDCC	2,000	1,000				3,000
	Hotchkiss NFH	2,000	1,000				3,000
	Leadville NFH	2,000	1,500				3,500
Florida	Welaka NFH	2,520	1,730				4,250
	Panama City FAO		2,350				2,350
Georgia	Chattah. For. NFH	2,160	1,815				3,975
	Millen NFH	1,440	490				1,930
	Warm Springs NFH	1,080	540				1,620
Kentucky	Wolf Creek NFH	1,800	355				2,155
	Frankfort NFH	1,440	1,110				2,550
Louisianna	Natchitoches NFH	1,440	2,225				3,665

Fishery Resources
Hatchery O&M - continued

State	Field Station	Motor Vehicle	Travel	Public Affairs	Publications	Consulting Services	Total
Maine	Craig Brook NFH	2,090	1,640				3,730
	Green lake NFH	3,640	2,500				6,140
Massachusetts	No. Attleboro NFH	1,630	1,100				2,730
	Berkshire NFH	845	590				1,435
Michigan	Jordan River NFH	3,000	2,000				5,000
	Pendills Cr./Hia. For. NFH	4,000	2,000				6,000
Mississippi	Meridian NFH	1,440	935				2,375
	Pr. J. Allen NFH	1,800	515				2,315
Missouri	Neosho NFH	2,000	2,000				4,000
Montana	Bozeman Fish Tech. Cntr.	2,000	1,000				3,000
	Creston NFH	2,000	1,000				3,000
	Ennis NFH	2,000	1,000				3,000
New Hampshire	Nashua NFH	2,060	1,450				3,510
New Mexico	Dexter NFH		400				400
No. Carolina	Edenton NFH	1,440	1,590				3,030
	McKinney Lake NFH	1,080	510				1,590
	Pisgah For. - Hatchery Biol.	360	1,310				1,670
North Dakota	Garrison Dam NFH	2,000	1,000				3,000
	Valley City NFH	2,000	1,000				3,000
Ohio	Senecaville NFH	2,000	1,500				3,500
Oklahoma	Tishomingo NFH	16,000	500				16,500
Oregon	Eagle Creek NFH	5,000					5,000

Fishery Resources
Hatchery O&M - continued

State	Field Station	Motor Vehicle	Travel	Public Affairs	Publications	Consulting Services	Total
Pennsylvania	Fish Tech. Cntr. - Lamar	2,100	1,450				3,550
	Lamar NFH	925	650				1,575
	Fish Health Unit - Lamar	1,420	990				2,410
	Allegheny NFH	3,810	2,650				6,460
	Natl. Salm. Sta. - Sunderland	835	590				1,425
South Carolina	Orangeburg NFH	3,240	1,190				4,430
	Walhalla NFH	1,440	935				2,375
South Dakota	Gavins Point NFH	2,000	1,500				3,500
Tennessee	Dale Hollow NFH	2,520	460				2,980
	Erwin NFH	1,800	1,435				3,235
Texas	Inks Dam NFH		400				400
	San Marcos FCDC		400				400
	Uvalde		400				400
Virginia	Harrison Lake NFH	1,440	1,000				2,440
Vermont	Pittsford NFH	1,255	890				2,145
	White River NFH	3,700	2,550				6,250
Washington	Yakima FS	10,000					10,000
	Entiat NFH	7,000					7,000
	Little White Salmon NFH	5,000					5,000
	Willard NFH	4,000					4,000
	Leavenworth NFH		1,000				1,000
	Olympia FAO		5,000				5,000
West Virginia	Bowden NFH	2,350	1,650				4,000
	White Sulphur Sprgs. NFH	1,900	1,300				3,200
Wisconsin	Genoa NFH	2,000	1,500				3,500
	Iron River NFH	3,000	2,000				5,000

Fishery Resources
Hatchery O&M - continued

State	Field Station	Motor Vehicle	Travel	Public Affairs	Publications	Consulting Services	Total
Wyoming	Beulah Fish Tech. Cntr.	1,000	1,000				2,000
	Jackson NFH	2,000	1,500				3,500
	Saratoga NFH	2,000	1,000				3,000
Utah	Jones Hole NFH	2,000	1,500				3,500
Total Field Stations		154,000	84,000	0	0	0	238,000
Regional Offices		3,000	27,000	0	4,000	0	34,000
Washington Office		0	11,000	7,000	1,000	0	19,000
Other (Program Engineering Services)		0	6,000	0	0	0	6,000
Total Rescissions		157,000	128,000	7,000	5,000	0	297,000

Proposed FY 1985 Rescissions
Section 2901, Deficit Reduction Act

Fishery Resources
Refuge O&M

State	Field Station	Motor Vehicle	Travel	Public Affairs	Publications	Consultant Services	Total
Alaska	Kenai FAO	$ 6,000	$ 3,000				$ 9,000
	King Salmon FAO	11,000	6,000		$ 1,000		18,000
Arkansas	Greers Ferry FAO	250	250				500
Florida	Panama City FAO	500	500				1,000
Illinois	Carterville FAO		500				500
Louisianna	Natchitoches FAO	250	250				500
Minnesota	Winona FAO		500				500
North Dakota	Valley City FAO	1,000					1,000
Wisconsin	Genoa FAO	500					500
	Iron River FAO	500					500
Total Field Stations		20,000	11,000	0	1,000	0	32,000
Regional Offices		0	0	0	0	0	0
Washington Office		0	0	0	0	0	0
Total Rescissions		20,000	11,000	0	1,000	0	32,000

Proposed FY 1985 Rescissions
Section 2901, Deficit Reduction Act

Fishery Resources
Law Enforcement

State	Field Station	Motor Vehicle	Travel	Public Affairs	Publications	Consultant Services	Total
Alaska	Off SAC - Anchorage	$ 2,000	$ 1,000				$ 3,000
Colorado	Off SAC - Lakewood	4,000	1,000				5,000
Massachusetts	SAC - Newton Corner	7,000	300				7,300
Minnesota	Off SAC - Minneapolis	5,000	2,000				7,000
New York	SRA - Lawrence		300				300
Oklahoma	Off SAC - Tulsa	4,000	1,000				5,000
Virginia	SRA - Richmond		1,400				1,400
Total Field Stations		22,000	7,000	0	0	0	29,000
Regional Offices		14,000	4,000	0	0	0	18,000
Washington Office		0	0	0	0	0	0
Total Rescissions		36,000	11,000	0	0	0	47,000

Proposed FY 1985 Rescissions
Section 2901, Deficit Reduction Act

Fishery Resources
Population Management

State	Field Station	Motor Vehicle	Travel	Public Affairs	Publications	Consultant Services	Total
California	Red Bluff FAO		$ 1,000				$ 1,000
Florida	Panama City FAO	$ 1,000	1,000				2,000
Michigan	Jordon River FAO	1,000					1,000
New Hampshire	Laconia FAO	5,000	850				5,850
	Merrimack RC		300				300
New Jersey	Deleware RC		350				350
Pennsylvania	Susquehanna RC		350				350
	Warren FAO		110				110
Vermont	Montpelier FAO		650				650
Virginia	Gloucester Pt. FAO		390				390
Washington	Olympia FAO	4,000	2,000				6,000
	Vancouver FAO	3,000	1,000				4,000
Wyoming	Mammoth (Yellowstone) FAO	2,000	1,000				3,000
Total Field Stations		16,000	9,000	0	0	0	25,000
Regional Offices		0	0	0	1,000	0	1,000
Washington Office		0	0	0	0	0	0
Total Rescissions		16,000	9,000	0	1,000	0	26,000

Proposed FY 1985 Rescissions
Section 2901, Deficit Reduction Act

Fishery Resources
Research & Development

State	Field Station	Motor Vehicle	Travel	Public Affairs	Publications	Consultant Services	Total
Washington	Natl. FRC - Seattle	$ 18,000	$ 10,000		$ 1,000		$ 29,000
West Virginia	NFC - Leetown	68,000	35,000		5,000		108,000
Wisconsin	NFRL - LaCrosse	16,000	9,000		1,000		26,000
Total Field Stations		102,000	54,000	0	7,000	0	163,000
Regional Offices		0	0	0	0	0	0
Washington Office		0	3,000	0	0	0	3,000
Total Rescissions		$ 102,000	$ 57,000	0	$ 7,000	0	$ 166,000

Proposed FY 1985 Rescissions
Section 2901, Deficit Reduction Act

Fishery Resources
LSRCP

State	Field Station	Motor Vehicle	Travel	Public Affairs	Publications	Consultant Services	Total
Idaho	LSRCP Coor. Off - Boise	$ 5,000	$ 3,000				$ 8,000
	Dworshak FAO		2,000				2,000
Total Field Stations		5,000	5,000	0	0	0	10,000
Regional Offices		0	0	0	0	0	0
Washington Office		0	0	0	0	0	0
Total Rescissions		5,000	5,000				10,000

Proposed FY 1985 Rescissions
Section 2901, Deficit Reduction Act
($000)

Activity: Endangered Species

Subactivity: Listing
Consultation
Protection
Recovery
Research

State	Field Station	Motor Vehicle	Travel	Public Affairs	Publications	Consultant Services	Total
NA							
Regional Offices							
Listing			15.0		11.0		26.0
Consultation			17.0				17.0
Protection		90.0	64.0		5.0		159.0
Recovery		36.0	54.0		6.0		96.0
Research			31.0		3.0	92.0	126.0
Total Regional Offices		126.0	181.0	-0-	25.0	92.0	424.0
Washington Office							
Listing			2.0		24.0		26.0
Consultation			2.0	14.0	1.0		17.0
Protection							
Recovery			6.0		13.0		19.0
Total Washington Office		-0-	10.0	14.0	38.0	-0-	62.0
Total Rescissions		126.0	191.0	14.0	63.0	92.0	486.0

Proposed FY 1985 Rescissions
Section 2901, Deficit Reduction Act

General Administration

State	Field Station	Motor Vehicle	Travel	Public Affairs	Publications	Consultant Services	Total
Executive Direction							
Washington Office			89,000		15,000		107,000
Administrative Services							
Regional Offices			45,000		15,000		60,000
Washington Office			1,000				1,000
Related Support Services							
Regional Offices					28,000		28,000
Regional Offices			45,000		43,000		88,000
Washington Office			90,000		15,000		105,000
Total Rescissions			135,000		58,000		193,000

STEEL/LEAD SHOT

Senator McClure. One of your few program increases in 1986 is an increase of $1,100,000 for research on lead shot. This research initiative will be used to make objective decisions on the nature and location of lead problem areas and to identify areas that should be considered as nontoxic shot zones. The initiative has four proposed studies: (1) site monitoring, $250,000; (2) waterfowl toxicity, $150,000; (3) Information Program, $150,000; and (4) crippling loss study, $600,000. That makes up the total of $1,100,000.

Could you explain what those individual studies are and how they will be conducted?

Mr. Jantzen. Yes, Mr. Chairman; the site monitoring study would be a continuation of an effort we started 2 years ago and conducted this past year on specific sites. This included areas nominated by the Service and nominated by the States. This year, for example, about one-half of the 40 sites being monitored were nominated by the States. We also have some of our refuges that are being reviewed.

The waterfowl aspect will be a sampling of birds on the area toward the end of the season of use by the birds. It will be an examination of birds taken either by hunters or by collection. The examination in the laboratory will include measuring lead levels in the liver, examination of wet tissue samples, and of the gizzard for ingested shot.

The waterfowl toxicity research will be programmed for two specific areas and will be conducted over time starting in the fall. From the time birds start to arrive in the area they will be sampled periodically, through the wintering period, to determine lead ingestion levels on that area or if the birds are bringing it in with them. We need more information of that nature. This is what the toxicity research label means.

The Information Program: We have just forwarded to the Department for further review, a plan to put out objective information regarding plumbism, what are its effects, and how is it caused. We do not intend to propagandize steel shot. We want to put out factual information to the hunting public. The public deserves that kind of information. This is the purpose of that plan.

The crippling loss study: I realize that we have had a number of them. There are varied results from these studies. We asked more than 1 year ago, and got the results about 1 year ago, for an independent analysis. Mr. Smith can tell you how that was put together. We had statisticians look at four or five of the more significant studies to determine some comparability of data so we could consolidate the results to get an answer within reasonable parameters. The variety of results were so great that it would be very hard to do.

This is a budget request for one more look at this issue. We are trying to get a better handle on it, but I cannot promise you that we can get a complete handle on it. I know some people have characterized it as the study to end all studies on crippling loss. We certainly don't call it that; we know what the bear traps are. But I think because of the issue, its significance to the hunting public and the widely held separate views that we are obligated to address the issue one more time.

Senator McClure. You state you will monitor 40 areas in fiscal year 1986. How many did you monitor in 1984 and 1985?

Mr. Jantzen. Mr. Chairman, we targeted 20 areas. We actually, I believe, monitored 19 in the winter of 1983–84. Last year we targeted 40 areas and did monitor 40 areas in the winter of 1984–85. The budget reflects enough money here to monitor up to 40 areas. I cannot say that our firm target is 40. I know that the budget justification says 40 as a flat statement; a more realistic figure probably would be around 25 or 30.

Senator McClure. Have you summarized the results of that monitoring in 1984 and 1985?

Mr. Jantzen. Yes, Mr. Chairman; we have summarized the results. We have used these results to a certain amount to the best of our ability to propose some of the nontoxic zones that are in the proposal.

Senator McClure. Did you publish the results of that monitoring?

LEAD SHOT MONITORING RESULTS

Mr. Jantzen. They have been made available. They aren't in a publication form. Mr. Smith can give you more detailed information on that.

Mr. Smith. We have final results from three sites for 1985. Two final reports have been given to the Director. From the 1984 program, we showed eight sites that should be changed from toxic to nontoxic shot; that there was no reason to switch eight, and that we should look further at three because we had some indication there might be a problem.

Senator McClure. When you say that out of the 40 that were monitored in 1985 there had been 3 that had been summarized, does that mean the rest are in progress?

Mr. Smith. Yes; this is a process that goes on for the period of time that waterfowl are in the area. I submitted a report for one area in Arizona and one in Nevada. I have a report for one in Wyoming. The remainder of the reports are due by the first of June.

Senator McClure. I would assume that the reports as they are summarized or presented to the Director are not too voluminous.

Mr. Smith. No; they aren't.

Senator McClure. Could you provide copies of those to the committee?

Mr. Smith. Copies will be provided separately for the committee file.

Senator McClure. If you would, please.

One of the major problems with establishing nontoxic shot zones, in my judgment and confirmed by available research literature, is the linkage between where migratory waterfowl ingest lead shot and where they are discovered to be suffering from plumbism. How can you design a research program to demonstrate that birds with shot in their gizzard ingested that shot in an area proposed as a nontoxic shot zone?

WATERFOWL TOXICITY STUDY

Mr. Smith. The weakest point of our information base is where the birds pick up the lead. The study for $150,000 identified in the budget will be an attempt to answer that question. I can't say we will get the answer through the study, because there are some variables that we are going to have a difficult time measuring. Essentially what we are trying to do is determine ingress of birds into an area, measure the lead levels in those birds, and then over time see whether those levels change. I would say, that to date, judgments have been made in determining what areas should be nontoxic or toxic shot without knowing where the shot originates.

Senator McClure. Do you have any controls built into your study design that would also take into consideration the type of bottom on which the birds in the hot shot zone might be feeding?

Mr. Smith. The study has not been completely designed. We will take that into consideration.

Senator McClure. Did the studies over the last 2 years have such a factor in them?

Mr. Smith. The monitoring studies?

Senator McClure. Yes.

Mr. Smith. No; the criteria we measured were shot in gizzards, dead birds, and parts per million of lead in bird livers.

Senator McClure. According to the literature, the question of the bottom condition is a very integral part of trying to determine where they got the lead, isn't it?

Mr. Smith. The literature indicates that bottom conditions do have a bearing on where waterfowl can pick up lead. Measurments in the Monitoring Program are related to the birds and not the environment.

Senator McClure. Doesn't that in itself cast doubt on the validity of the results of the study?

Mr. Smith. The validity of the Monitoring Program can't be questioned. It is accurate. What it does not say is where birds picked up the lead.

Senator McClure. But if you can't tell where they picked up the lead, what is the relevance of the study?

Mr. Smith. We are assuming that lead on the refuges can cause problems where we are doing the Monitoring Program.

Senator McClure. But that is an assumption that the literature casts a great doubt upon, is it not? It's a critical assumption, but isn't it an erroneous assumption?

Mr. Smith. No; it's an assumption based on a lack of information.

Senator McClure. If your study is based upon assumptions that lack validity, then why do the study? What does it mean? It means that if they got lead in their gizzard they may be sick, or at least that sick birds may have lead in their gizzard. You may find a correlation between the two, but it doesn't tell you much about what to do about it.

Mr. Smith. It means that birds on the area that we looked at could have picked up the lead on the area. If those areas are nontoxic shot, birds certainly can't pick it up there. That is all I can say about it. There is no way I can say that the lead that those birds had was picked up off those areas.

Senator McClure. The reason I asked that question is obviously because we are also faced with the oft repeated statement that the scientific evidence is mounting that there is a problem, but the public immediately translates that, or at least a portion of the public does, into saying that from a scientific basis we know what the problem is, and, therefore, from a scientific basis we know what to do about the problem, and actually the scientific basis is with respect to one of those three points and not the other two. We know there is a problem; we don't know what created the problem; we don't know what to do about the problem.

STEEL SHOT MONITORING

Mr. Smith. We know there is a problem and that the waterfowl die from lead poisoning. We know what causes that mortality. Most of us think it is lead shot. We know that if the lead shot was not in the environment the birds won't get it. We don't know whether the areas that we have designated as nontoxic zones are truly where they are picking up all the contaminant.

Senator McClure. Were any of the sites that were monitored in steel shot zones?

Mr. Smith. The ones that we monitored?

Senator McClure. Yes.

Mr. Smith. Yes; they were. In 1984 they were. I can't tell you about 1985. I haven't looked, but in 1984 there were some.

Senator McClure. Were they some of the seven or eight that you mentioned earlier? You said seven or eight showed a problem.

Mr. Smith. I don't know for sure. I know for one of the sites there was no problem and it did have steel shot.

Senator McClure. Could you include in the information that is given to us with respect to these sites indicate whether they were in steel shot zones?

Mr. Smith. Each one of those reports has that statement.

[The information follows:]

Steel Shot Monitoring

The following table summarizes the findings of the 19 sites monitored for lead poisoning in fiscal year 1984. The data presented is inconclusive and interpretations should not be made on the complete project or between sites because of the following limitations: (1) limited sample size, (2) only 1 year's data, (3) regional differences in site locations, (4) different species composition between sites, and (5) samples were collected during fall migration period, thus birds may have only been on the site for a short period of time before collection.

FY 1984 LEAD POISONING MONITORING
Summary of Findings

Site	Steel Shot Zone	Dead/Sick Wtfwl		Hunter Killed Waterfowl					Remarks
		No. Found	No. Lead Poisoned	No. Gizzards Collected	No. with Lead in Gizzard	No. Livers Collected	No. Livers 2-8 PPM	No. Livers > 8 PPM	
Stillwater NWR	No	19	1	21	4	21	0	2	Exposure to lead shot documented as shot in gizzards.
Lower Klamath NWR	No	41	27	38	3	38	6	5	Mortality from lead poisoning documented in previous years.
Tule Lake NWR	No	13	9	204	4	204	10	1	High level of lead poisoned dead/sick birds.
Ruby Lake NWR	No	23	1 a/	91	1	91	4	2	No ingested lead found in geese. Remaining 103 waterfowl were mallards.
Lewis and Clark NWR	No	0	0	118	2	114	14	2	Lead toxic effects might be occuring.
Cibola NWR	No	3	0	51	1	51	1	0	Ingested lead frequency low.
Upper Mississippi NWR	No	4	1	111	3	108	7	2	Low number of birds using area due to flooding.
Reelfoot State Mgt. Area	No	0	0	108	6	108	7	1	Exposure to lead detected on one unit of Refuge.
Missisquoi NWR	No	45	11	172	37	172	37	19	Lead explosure to waterfowl demonstrated. High waterfowl concentration because of migration.
Lake Andes NWR	No	17	1	110	3	108	4	3	Evidence that lead shot is source of high lead levels.
Benton Lake NWR	No	13	4	172	9	172	18	3	Lead exposure to waterfowl demonstrated.
Delta NWR	Yes(83),No(84)	1	0	62	2	62	1	0	Lead poisoning occurring in spring and exposure to lead demonstrated in Fall.
White River NWR	Yes(79-83), No(84)	3	0	172	6	172	7	5	Exposure to lead but no evidence of lead poisoning.
Tishomingo NWR	Yes	0	0	73	0	52	4	1	Evidence that high liver concentation due to ingested lead shot.
De Soto NWR	Yes	0	0	97	2	97	23	7	Lead poisoning not diagnosed; high level lead in liver.
Crab Orchard NWR	Yes	22	4	68	1	68	5	0	All snow geese. No evidence of lead poisoning but evidence of lead exposure, probably off refuge lands.
Sabine NWR	Yes	49	29	308	30	308	41	6	Lead poisoning demonstrated.
Noxubee NWR	Yes	0	0	100	1	100	8	0	Evidence that elevated liver lead concentration due to ingested lead shot.
Eufala NWR	Yes	0	0	160	0	160	3	0	Evidence of exposure to lead but no evidence of lead poisoning. Evidence of exposure to lead but not evidence of lead poisoning.

a/lead fishing weight

STEEL SHOT ZONES MONITORING

Senator McClure. My information is that some of the monitoring in steel zones reported lead shot. My information may not be right. You know how this is. It's kind of like being a member of the school board. Everybody in the community is an expert in education. Well, everybody in the community is an expert on hunting, and so I have got a lot of experts that talk to me in that definition of expert. But some of the information to me indicates that some of the monitoring in steel shot zones still shows plumbism in birds in those steel shot zones.

Mr. Smith. That doesn't surprise me.

Senator McClure. It doesn't surprise me either, because there has been a lot of lead shot in those zones in the past and they also have birds flying in from somewhere else. But you could easily come to the conclusion that since we don't know anything other than the fact that lead shot is a problem we should ban lead shot everywhere because we don't know how else to do it, and there are many people who believe that is where you are headed.

Mr. Jantzen. If I could respond to that, Mr. Chairman. The work that we have described, that we have done and requested funding to do in 1986 is based on the premise that we want to find where the problem does exist to the best of our ability, and apply the nontoxic shot regulation in those areas. But it is not aimed toward a blanket, sweeping quantum leap to steel shot just as a matter of policy.

Senator McClure. I understand that, and yet it seems to me the methodology of the scientific studies lead to that conclusion that there is no place else to go, because you are not focusing your study, and from what I understand there is no real way to focus your study, on the other questions that could lead to a more discriminating test.

Mr. Jantzen. The $150,000 for the waterfowl toxicity research is aimed at that weak link that you spoke of. We know we need information in that area, no question about it. We are trying to get it.

STATE APPROVAL FOR STEEL SHOT ZONES

Senator McClure. One of the questions, of course, that we will be asked to consider in this subcommittee and the full committee on the way through is the Stevens amendment language that requires State concurrence. I won't ask you to comment on that, because that is a decision we are going to have to make, I guess, as to whether or not State concurrence interferes with what is happening. My own view is it probably is not interfering at this stage. It may require a check on judgments, but that may be a healthy check on judgment in an area that is as uncertain as this.

Mr. Jantzen. Mr. Chairman, I would comment on it if you would permit me to do so.

Senator McClure. Of course. I was giving you a chance to duck it if you wanted to.

Mr. Jantzen. I have some good friends at the State level that are a little bit nervous about me right now. So I would like to set the record straight.

It is my position that the Stevens' amendment, section 305 of the general provisions is moot if the States and the Federal Government are working together. It would have no force and effect simply because the State and Federal Government would agree. We are trying very hard to reach a concensus through the development of flyway criteria and a number of other things that we visited with you about.

Right now, I think more from a standpoint of timing than anything else, we have a problem with three States, California, perhaps Nevada, and perhaps Montana.

I don't think the data are arguable. Maybe the sample size or something of that nature might be arguable. The States are carrying a lot of the responsibility as far as working with their constituency groups. They have some timetables that may not be quite in synchronization with the Federal timetable.

Senator McClure. How long has this problem been emerging?

Mr. Jantzen. Just within the last year since we started getting serious about approaching this problem.

Senator McClure. I've heard lead shot discussed here as a problem for at least 10 years.

Mr. Jantzen. That's true, in a vacuum. We are probably 1 year from having a good working relationship with the States on something that we can move forward with on a shoulder-to-shoulder basis.

Senator McClure. Then 1 year from now there would be no need for the Stevens amendment.

Mr. Jantzen. I would certainly hope not, sir.

Senator McClure. Maybe this year there would be.

Mr. Jantzen. That's your judgment, sir.

Senator McClure. I don't know. I pose the question because you and I are dealing with the same constituency on this issue. They are my voters in my State, they are a broader constituency in other States. There is no point in either of us confronting a constituency that doubts either or both of us on this question if they are not convinced. I will not make longer comments about the Information Program. You yourself said you are not going to be involved in a propaganda effort.

Mr. Jantzen. That would be the worst thing in the world we could do. That's what happened 12 years ago.

Senator McClure. I don't want you to be accused of that, and even more importantly, I don't want you to be guilty of that.

Mr. Jantzen. I agree with you, Senator.

Senator McClure. May I yield to Senator Bumpers.

SPORT FISH RESTORATION FUNDING

Senator Bumpers. Let me just ask a couple of quick ones. I want to ask you just a little bit about the Wallop-Breaux amendment. How much money have you collected so far in the 1985 year under that amendment?

Mr. Jantzen. We estimate, Senator, that it would be a total of $121 million available in 1986 for allocation to States from collections in 1985.

Senator BUMPERS. Would you tell me how you propose to distribute the money and when you propose to start doing it?

Mr. JANTZEN. The money would be allocated in fiscal year 1986.

Senator BUMPERS. You could conceivably wait until the end of 1986, could you not, to start distributing it?

Mr. JANTZEN. No, Senator Bumpers.

Senator BUMPERS. That is not your plan anyway.

Mr. JANTZEN. No, sir; we would give the States a preliminary apportionment figure in September 1985. The preliminary apportionment figure identifies individual State funding levels. They can work on a backlog. It's a 2-year allocation; so they can spend that money over a 2-year period. Some States, as a matter of fiscal management, will work on last year's money and hold the new allocation in reserve for the second year of the cycle.

States submit either a comprehensive plan or an individual project to the Fish and Wildlife Service early in the fiscal year for approval. If it is approved, then the States, through a revolving account mechanism at the State level, actually fund the project and submit vouchers to the Service for reimbursement of 75 percent of the project costs. We have to get into it early on for the States' benefit.

Senator BUMPERS. What are the limitations on the States, if any, on how they spend the money?

Mr. JANTZEN. There are limitations as reflected in the law and the regulations. The moneys can be used for research, for management, for land or habitat acquisition or protection.

Senator BUMPERS. They can use it for land acquisition?

Mr. JANTZEN. Yes, sir; both the Pittman-Robertson and the Dingell-Johnson program can be used for acquisition. Most States will spread it into those three general areas more or less, depending upon their particular condition and the State priority.

ARKANSAS FISH HATCHERIES

Senator BUMPERS. Mr. Jantzen, let me ask you one final question. As you probably know, those fish hatcheries in Arkansas, Norfork, and Greers Ferry, are all extremely important to us. For the life of me I do not understand this administration's obsession with fish hatcheries. It is probably the biggest return on the dollar invested.

For example, the Norfork fish hatchery returns $16 in taxes to the Treasury for every dollar the Government puts into that program. We derive $77 million in Arkansas just from two hatcheries, Greers Ferry and Norfork. Five percent of all our tourist dollars are a result of that.

And I want everybody to bear in mind that those hatcheries were built in mitigation of the loss of warm water fisheries when those dams were built. So it was a contract that was made by the Government, a guarantee. It is a put-and-take operation, as you know.

The Norfork hatchery has the best production figure for all of the 50 cold water fish hatcheries in the Federal system.

It is like fighting with my wife. Those that I win just ain't over, and I can tell you that this battle will never end as long as you are trying to cut money from my fish hatcheries up there. They are extremely vital to us. You are talking about peanuts in the scheme of things.

My statistics indicate that the Norfork hatchery actually needs $437,000 just for maintenance projects, just to redo some of the things that are deteriorating. What I want to do before we go to markup on this bill is to ask you to verify for me those things, as to whether or not they are really needed. I would like you to have somebody from the Fish and Wildlife Service go down there and review these projects and tell me what the needs are. If you don't have this list, I can give it to you and ask you to tell me how badly the Norfork fish hatchery needs these things. Could you do that for me?

Mr. JANTZEN. Yes, Senator; we would be happy to analyze the material that you have. If we do not already have it, we will make sure that we get it from your staff.

Senator, one other thing. We don't have a fight this year. We have lost our obsession. We are proposing no transfer or closure of hatcheries in this budget.

Senator BUMPERS. Not closing.

Mr. JANTZEN. We are proposing no closures or transfers of fish hatcheries in this budget.

NORFORK FISH HATCHERY

Senator BUMPERS. I know, but you keep creeping up on me here by cutting the money. You are nickel and diming me to death, and I didn't just fall off a watermelon truck. I know what is going on here.

In 1984 we spent $899,000 on Norfork. In 1985 that was cut to $524,000. And now you are proposing $459,000, less than one-half what it was in 1984.

Mr. JANTZEN. Mr. Chairman and Senator, the bulk of that difference is made up in repair costs for the main water supply line for Norfork. The hatchery needed some significant rehabilitation work in the water supply and electrical wiring systems. As a result, these costs are reflected in the 1984 and 1985 column of this year's budget as more or less a one-time cost.

Is that correct, Joe?

Mr. KUTKUHN. That is correct, $180,000 this fiscal year, Senator, $79,000 of that will be used to improve the water aeration system at the hatchery.

Senator BUMPERS. At Norfork?

Mr. KUTKUHN. At Norfork.

Senator BUMPERS. Are you proposing that?

Mr. JANTZEN. We are doing it this year.

Senator BUMPERS. Oh, you're doing it in the 1985 budget.

Mr. JANTZEN. Yes; we repaired the water supply line in 1984. This costs approximately $370,000. We are putting in the new aeration system, in addition to the repair of the water line in 1985. Our budget request for 1986 reflects just operation and maintenance costs at the hatchery with no significant rehabilitation or repair work planned for 1986, Senator.

MAINTENANCE AT NORFORK HATCHERY

Senator McCLURE. I might note that according to the information that we have that there has been over $500,000 spent over 3 fiscal years in maintenance and the operations funds of $445,000 in 1984, $423,000 in 1985, and $421,000 in 1986, only a $2,000 reduction between 1985 and 1986. So the real difference does lie in the maintenance line, and the question then is what is required in terms of maintenance. So if there is a question, I guess it has to do with what is really more than just routine maintenance. Some might say a rehabilitation by way of stepped up maintenance.

Senator BUMPERS. I think that is right, Mr. Chairman. That is one of the reasons.

You are recommending $38,000 for maintenance in 1986, is that right?

Mr. KUTKUHN. That is correct, sir. I cannot recall specifically what purposes are to be served with that $38,000.

Senator McCLURE. The justification indicates the rehabilitation of the bulk fish food storage bins.

Mr. KUTKUHN. That's correct.

Senator BUMPERS. Has that been done?

Mr. KUTKUHN. I know it is being worked on. I don't know if it is completed.

Senator BUMPERS. Mr. Chairman, I will just submit a letter to Mr. Jantzen asking these questions. I don't even have to do it formally through the committee. I will just send you a letter and ask you to respond to me on it.

Mr. JANTZEN. I would be happy to do so, Senator.

Senator BUMPERS. Thank you, Mr. Chairman.

Senator McCLURE. Thank you, Senator. Because the question has been raised a couple of times and knowing the Senator's concern, I would like to have that information too. Apparently, Senator, you have a list of maintenance or rehabilitation requirements, and we would like to look at that and pair it up with what is planned for 1985 and 1986.

Senator BUMPERS. Mr. Chairman, if you would like, I will just do the formal questions through the committee so that you will have them.

Senator McCLURE. That would be fine.

Senator BUMPERS. Thank you.

[The information follows:]

O&M FUNDING FOR MAMMOTH SPRINGS NATIONAL FISH HATCHERY, ARKANSAS

	Fiscal year 1984 actual expenditures	Fiscal year 1985 planned	Fiscal year 1986 planned
Operations	$153,000	$149,000	$150,000
Maintenance	6,000	20,000	0
YCC	0	2,000	0
Total	159,000	171,000	150,000

OPERATIONS

The $4,000 reduction between fiscal year 1984 and fiscal year 1985 is the result of the 2-percent general reduction and the $2,000 transferred from operations to the YCC Program.

The increase of $1,000 proposed for fiscal year 1986 reflects the results of a small increase in operational funding that was planned less the proposed 5-percent reduction in the Federal salary scale and other general administrative savings.

MAINTENANCE

Fiscal year 1984: The station was allotted $6,000 which they used to repair some flood damage to the buildings and replace equipment which was unusable.

Fiscal year 1985: The station was allotted $20,000 which will be used to rehabilitate raceways, the office and laboratory, and station equipment, to supply electricity to four ponds and to purchase a distribution tank for a pick-up truck.

Fiscal year 1986: No maintenance projects have been designated for this station.

YCC

This station will have one YCC enrollee working during the summer in fiscal year 1985. No funding is requested in the President's budget for YCC in fiscal year 1986.

O&M FUNDING FOR GREER'S FERRY NATIONAL FISH HATCHERY, ARKANSAS

	Fiscal year 1984 actual expenditures	Fiscal year 1985 planned	Fiscal year 1986 planned
Operations	$248,000	$220,000	$218,000
Maintenance	0	27,000	0
YCC	0	0	0
Total	248,000	247,000	218,000

OPERATIONS

This station had an operations funding reduction of $28,000 between fiscal year 1984 and fiscal year 1985. This difference results from the 2-percent general reduction in the appropriation, savings anticipated from the congressional directive on expanded use of closed formula (commercial) fish food, and salary savings from a vacant position.

The $2,000 reduction between fiscal year 1985 and fiscal year 1986 reflects both a planned increase in station funding and the proposed 5-percent reduction in the Federal salary scale.

MAINTENANCE

Fiscal year 1984: This station received no designated funding for cyclical maintenance. The station was scheduled to receive $27,000 at the beginning of this fiscal year, but this funding was transferred to Norfolk NFH to fund the emergency replacement of the water supply line at that station. Though Greers Ferry had no designated maintenance funding, some of the operational funding was used to repair the electrical system to alleviate a safety hazard.

Fiscal year 1985: $27,000 in designated maintenance funding has been allotted for the repair of a leaking valve in the main water supply line.

Fiscal year 1986: No projects are scheduled for funding in this fiscal year.

YCC

No YCC Program is scheduled for Greers Ferry NFH in fiscal year 1985. No funding is requested in the President's budget for YCC in fiscal year 1986.

ANIMAL DAMAGE CONTROL

Senator McCLURE. Thank you, Senator.

I have a number of other questions. You would be disappointed if I didn't ask about the grizzly bear, and I will for the record, but I will not take the time right now. There are some questions with respect to the recovery program for the grizzly. But let me get to a little more general question.

Recently a letter signed by 20 Members of the Senate, including myself, was sent to the President urging him to return the Animal Damage Control Program to the Department of Agriculture. Has the Service taken a position on that transfer?

Mr. JANTZEN. Mr. Chairman, we have submitted, at the Secretary's request, a Secretarial issue document. The Secretary is in the process of reviewing that issue document. We did provide that information to him with a recommendation.

ADC REIMBURSEMENTS

Senator McCLURE. In the 1985 report accompanying the appropriations bill this committee directed the Service not to deduct overhead charges for ADC reimbursable work. The conference report later restated this language. Has that policy been implemented for fiscal year 1985?

Mr. JANTZEN. Mr. Chairman, I would like to have Dr. Verburg respond to that question.

Mr. VERBURG. Yes, Mr. Chairman; that policy has been implemented. All of our regional directors have been notified.

Senator McCLURE. Does Congress need to restate that language for fiscal year 1986, or does the Service intend to continue the 1985 policy into 1986?

Mr. VERBURG. We would intend on continuing that policy into fiscal 1986.

Senator McCLURE. So we don't need to trouble the record with a continuation of it.

Mr. VERBURG. No, sir.

Senator McCLURE. Congress added $3.5 million in fiscal year 1985 to the ADC Program, to restore the program to the 1979 level of about $15.1 million. Can you provide a distribution of this funding by State?

Mr. JANTZEN. Yes, sir; I do not know if we have that information here.

Senator McCLURE. If you could provide that for the record, please.

Mr. JANTZEN. Yes, sir.

Senator McCLURE. And how much money is contributed by program cooperators?

Mr. JANTZEN. Yes, sir, if we have that information.

Senator McCLURE. Does the fiscal year 1986 program proposal maintain the level of operations carried out in fiscal year 1985?

Mr. JANTZEN. Yes, sir, it does.

[The information follows:]

ADC FUNDING

Total funding by State, including cooperators share, is presented in the following table:

State	FWS appropriated	Other Federal	State/county/other	Total
Alabama	$25,000			$25,000
Alaska	69,000			69,000
Arizona	375,000	$17,000	$36,000	428,000
Arkansas	194,000			194,000
California	1,174,000	28,000	1,765,000	2,967,000
Colorado	665,000		180,000	845,000
Connecticut	20,000			20,000
Delaware	14,000	2,000		16,000
Florida	53,000			53,000
Georgia	117,000			117,000
Hawaii	3,000			3,000
Idaho	761,000	2,000	192,000	955,000
Illinois	93,000			93,000
Indiana	142,000			142,000
Iowa	24,000			24,000
Kansas	75,000			75,000
Kentucky	55,000			55,000
Louisiana	202,000			202,000
Maine	58,000			58,000
Maryland	40,000			40,000
Massachusetts	20,000			20,000
Michigan	70,000		2,000	72,000
Minnesota	169,000			169,000
Mississippi	25,000			25,000
Missouri	24,000			24,000
Montana	713,000		466,000	1,179,000
Nebraska	150,000	7,000	121,000	278,000
Nevada	577,000		434,000	1,011,000
New Hampshire	25,000			25,000
New Jersey	90,000			90,000
New Mexico	957,000	21,000	425,000	1,403,000
New York	57,000			57,000
North Carolina	58,000			58,000
North Dakota	300,000		326,000	626,000
Ohio	112,000		40,000	152,000
Oklahoma	604,000		445,000	1,049,000
Oregon	782,000		558,000	1,340,000
Pennsylvania	53,000			53,000
Rhode Island	19,000			19,000
South Carolina	40,000			40,000
South Dakota	353,000	20,000	500,000	873,000
Tennessee	94,000			94,000
Texas	1,710,000		3,230,000	4,940,000
Utah	787,000		706,000	1,493,000
Vermont	27,000			27,000
Virginia	59,000			59,000

State	FWS appropriated	Other Federal	State/county/other	Total
Washington	$371,000		$230,000	$601,000
West Virginia	58,000			58,000
Wisconsin	66,000			66,000
Wyoming	793,000		507,000	1,300,000
Program direction	1,977,000			1,977,000
Totals	15,299,000	$97,000	10,163,000	25,559,000

COYOTE POPULATIONS

Senator McClure. Can you tell me what the coyote population trends are in the West?

Mr. Jantzen. Mr. Chairman, I do not have that information at the table. Perhaps Mr. Lambertson has that information. If not, we can certainly provide it to you.

Mr. Lambertson. In the West generally they have been on a long-term increase, though they are leveling off. The big increase is in the East.

Senator McClure. Is that a predation problem in the East now?

Mr. Lambertson. It is becoming one, yes.

Senator McClure. Have you been asked for or do you expect to have any animal damage control operations in the East?

Mr. Lambertson. We currently have several States that are looking at the possibility of cooperative arrangements like we have with western States. New York, for example. But at the present time we do not have any.

Senator McClure. I assume that if they make such a proposal it would be effective during fiscal year 1986.

Mr. Lambertson. We don't know that yet, but I would say New York is a possibility, yes.

Senator McClure. If that is the case, would you intend to come back with a supplemental to include the amounts of money that are necessary for the additional work?

Mr. Lambertson. We would have to look very carefully at where we would get the funds because the budget presently does not include funding for a new State coming on.

Senator McClure. Are there other States that are approaching the time that they are asking for some kind of a program?

Mr. Lambertson. Yes; our regions tell us that a number of States are looking at the possibility.

Senator McClure. Could you provide for us for the record some estimate of the number of States that are involved, how far along they are in their proposal, how likely they are to ask for programs, and if so, what the likely demand will be?

Mr. Lambertson. Yes.

[The information follows:]

ADC IN EASTERN STATES

While a number of eastern States have expressed concern about an increase in livestock predation, neither the States nor the Service has initiated talks about cooperative agreements. It is not anticipated that any eastern State will request a Federal Damage Control Program this fiscal year.

CLOSING REMARKS

Senator McCLURE. I realize that is somewhat speculative in some areas, but I don't know how else to get a handle on it.

Mr. LAMBERTSON. The big unknown is whether or not the State would be able to come up with its own funding source.

Senator McCLURE. Unfortunately, our time is terribly constrained today because of the actions of the Appropriations Committee. The full committee is going to act on other matters starting about this hour, and we will have to submit the balance of our questions for the record.

I do appreciate your testimony here today. You can tell by the number of questions and the detail of the programs that there is a great deal of interest on this committee in a lot of the functions of your agency. It is very important to the Nation and it touches a great many of our constituents in ways which matter to them very deeply.

Mr. JANTZEN. Mr. Chairman, we are very pleased that you do have the interest and the depth of detail in our program.

ADDITIONAL COMMITTEE QUESTIONS

Senator McCLURE. Thank you very much for your attendance today, and I will look for a response to the questions that are submitted in writing.

Members of the committee may have until the close of business today to submit further questions if they desire for response in writing for the record.

Thank you very much.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

Consulting Services

Question: The Section 2901 reduction proposed for consultants (-49% of the base program) will result in the delay or deferral of construction projects; will reduce the analysis of contaminant samples; will reduce the amount of consulting provided for laboratory analysis of fish and animal samples; and will result in a reduction of aerial photography acquisition and photo-interpretation needed to identify wetland habitat being lost. Can you provide at this time which specific construction projects will be delayed or what this proposal does to our scheduled wetland habitat mapping program?

Answer: The proposed rescission of $10,000 for consulting services in the Construction Appropriation will be taken from the archaeological surveys that are conducted prior to initiation of construction. The Service would comply with existing laws regarding the protection of archeological and historical resources but would contract for less comprehensive surveys than are customarily conducted. If archaeological ruins or artifacts are subsequently discovered, this could delay a project. Projects that could be delayed include several housing projects on refuges in Alaska; an office/contact station and sewage works at Bogue Chitto, Louisiana; field headquarters, bridge and boat landings at Tensas, Louisiana; oil and paint storage facility at Eufaula, Alabama; and oil ant paint storage facility at Lower Columbia Complex, Washington..

The portion of the Section 2901 rescission that is proposed for aerial photography acquisition of photointerpretation is $40,000 and comes from the Resource Management Appropriation. This will delay until 1986 the purchase of aerial photography and the initiation of photo-interpretation for 64 1:24,000 scale maps in the upper Mid-west that were scheduled to be initiated in 1985. These 64 maps comprise about 2.2 percent of the annual map production and, therefore, will not impact significantly the overall National Wetlands Inventory goal, which is to map 55 percent of the wetlands in the conterminous 48 States and 16 percent of those in Alaska by 1988.

Lake Liming Demonstration

Question: Last year Congress added $2 million for demonstrating the benefits of liming 18 acidified lakes. Has this money been obligated yet? If not, when will you select the 18 sites?

Answer: Two million dollars were appropriated for FY 1985. These funds will be available to cooperating States thru cooperative agreements which are currently being negotiated in our contracting office. Funds will be obligated within the next few months and work will begin by individual States. Only five sites are presently planned for treatment and study, these sites are currently being identified.

Question: Your justification (p. 39) is somewhat confusing about the number of sites to be treated. In one place, you state that Congress added money for 18 sites and in another place you state that you will treat up to 5 sites. What is your plan? Why has it changed?

Answer: When the Demonstration Project was first authorized, $2 million a year for a 5-year period (total funding of $10 million) was planned, allowing for 18 sites to be completed and monitored. The scope of the demonstration project has been adjusted to a total funding of $2 million to be obligated to States in one year. This adjustment necessitated a reduction in the number of study sites from 18 to 5. The States will apply lime to acidified surface waters - lakes, ponds and streams and monitor the results of different devices and application techniques. They will also monitor the response of the aquatic community and the fishery resources to the ph change. This will also require looking at soil types, geology and different fish species. The 5 studies conducted by States will extend over 5 years.

Question: Where will the lakes be located?

Answer: Individual study sites are being selected by cooperating States using Service guidelines. Locations of study areas include:

New York - lake in western or southwestern part of the Adirondack Region.
Massachusetts - stream in the central highlands or a pond on Cape Cod.
Minnesota - lake in the Lake Superior Hudson Bay drainage in a four county area in St. Louis, Cook, Itasca or Lake Counties.
Tennessee - stream located in the highland rim in the eastern part of the State.
Pennsylvania - stream located in the north central part of the State.

Question: Will this plan to treat up to 5 lakes add to the store of knowledge achieved by liming hundreds of lakes over the past 3 decades? What will be added?

Answer: Our plan to treat and study five sites provides a unique opportunity to intensively monitor results of treatment of acidified waters. Most studies have applied lime without adequate follow-up to determine results and affects on biological resources. Studies of liming activities in Europe deal with soil types, geology or fish species not found in North America. The studies with detailed follow-up will result in the preparation of site specific guidance documents that will describe application techniques, methodologies and affects on biological resources.

Question: Will EPA be involved in the execution of the program in 1985? 1986?

Answer: The operation and research studies have been fully coordinated with EPA. This avoids duplication and our studies will complement their work. The followup research monitoring in FY 86 will continue to be coordinated with EPA and other Federal agencies through the National Acid Precipitation Assessment Program.

Lead Waterfowl Toxicity

Question: You state that your toxicity study will be used to "develop a profile of exposure of lead in waterfowl". What will the toxicity study tell you that you don't know?

Answer: The study in question is not a toxicity study per se. It is a study of lead exposure in waterfowl relative to time-of-year and geographic location where exposure occurs.

The purpose of the study is to address a major recurring issue. Specifically, it is the contention of some that birds dying of lead poisoning on a specific area were exposed to lead at some distant location and flew to the area where death occured. Therefore, lead poisoning may not really be a problem on the area where mortality was detected and there may be no justification for requiring nontoxic shot use on that area.

This issue can only be addressed in an indirect manner such as a time sequential study because of the movement of waterfowl over time and the length of time between exposure to lead and death (average of 17-21 days in ducks).

The profile of lead exposure that would be developed by this study utilizes the different assays available, each of which provides different information, to document when lead exposure took place and the magnitude of lead exposure occurring in populations of birds using specific areas. Because of different levels of sensitivity for the different assay systems being used, and different lengths of time for persistence of the effects of lead on the system being evaluated, the combined information resulting from these evaluations provides a profile of lead exposure when viewed in combination with information on bird movement. This offers the best means available to determine where and when waterfowl are being exposed to lead in their environment.

Question: Will it, finally establish a minimum threshold of lead toxicity?

Answer: No, the study will not establish a minimum threshold of toxicity nor is intended to do so. There is no true minimum threshold of lead toxicity. The most obvious result of lead intoxication is death. However, there are many sublethal effects of lead exposure that may be detrimental to survival. These have generally been inadequately studied in waterfowl. Lead has no known essential biological value regarding species needs. It is not a trace element required to sustain life. Therefore, to establish a minimum threshold level for lead toxicity or the disruption of biological systems that sustain life in the whole animal, would require long-term studies costing millions of dollars.

Question: In view of the fact that the effect of lead on the bird varies as a result of overall physiological stress on the bird, composition of grit in the diet, presence of other trace elements, etc., how will your study be designed to control for these problems?

Answer: We readily acknowledge that a number of variables influence the toxicity of lead for waterfowl. Our study cannot be designed to control the effects of the overall physiological stress on birds, composition of grit in the diet, presence of other trace elements, or other factors that might influence lead toxicity. However, our study is not a toxicity study, but rather one that measures where and when lead exposure is taking place. The factors mentioned above could reduce the magnitude of lead exposure detected, but could not bias our results in a fashion that would cause us to erroneously identify sites as being lead poisoning exposure areas. Failure to detect exposure because of any ameliorating effects of diet and other factors is unlikely because of the high degree of sensitivity of some of the assays being utilized. Even if this should occur, it would be reflective of "real world" situations that do not require corrective actions.

Lead Toxicity

Question: As an aside, I note that the percent of lead in the blood and the percent of lead in liver tissue that you have proposed in your recent lead shot regulations are not the same percents that your refuge managers are directed to measure against when considering that refuge for non-toxic shot status. Why is there a difference?

Answer: We assume that the percent being talked about is parts per million (wet weight basis) of lead in blood (0.2) and liver (2.0) identified as FWS criteria in our criteria proposal. Our lead poisoning monitoring program (LPMP) implemented in the 1983-84 hunting season, does not utilize blood. Rather, it uses paired gizzard and liver samples from hunter-killed birds and carcasses found on areas being sampled. Also, the LPMP does not indicate what percentage of samples falling in any category results in a decision, nor do refuge managers make that decision. Recommendations for designating an area for nontoxic shot use are made by the Research staff and taken under advisement by the Director in reaching a decision.

The LPMP utilizes gizzards to demonstrate ingestion rates of lead shot. It uses liver assays to document the percent of lead concentrations that are in normal, elevated, highly elevated, and toxic ranges among the birds being sampled. These assays were selected because they are readily accepted scientifically; the tissues involved are readily obtained, easily handled, stored, and shipped to processing laboratories, and the combined information obtained is considerably greater than that from a blood sample. Carcass examinations are also used to document mortality from lead poisoning on the area being sampled.

As indicated above, each assay provides different information. The LPMP was developed to serve FWS needs in monitoring national wildlife refuges. States were given the opportunity to participate in this program to the extent FWS resources could accommodate sampling of state areas. Development of proposed criteria published in the Federal Register on January 16, 1985, for designation of nontoxic shot areas has been influenced by results from the LPMP. These criteria were developed in concert with policy representatives from state conservation agencies and the Flyway Councils.

Information Program

Question: You are proposing to spend $100,000 "to provide objective information on lead poisoning in waterfowl and eagles." I assume that you will target this information program to those areas of the country where the anti-steel shot bias is the greatest, is that correct?

Answer: The information program will not be targeted specifically at areas of the country where anti-steel shot bias is presumed to be the greatest.

Question: Where will the program be targeted?

Answer: Our aim is to make this information available to all interested waterfowl hunters through a broad variety of distribution mechanisms, including State fish and wildlife agencies, hunting groups, and the outdoor press. We will make some special efforts to be sure information is available in areas where nontoxic shot zones have been established for the first time, particularly on national wildlife refuges where monitoring studies indicate a problem with lead poisoning in waterfowl or bald eagles.

Question: Will the program be used in any way to solicit the individual views of waterfowl hunters in those areas? Why not?

Answer: The program will be used to solicit the views of waterfowl hunters and others in several ways. First, we have already solicited comments and recommendations on the public information plan itself from hunter organizations as well as from State wildlife agencies, conservation groups, ammunition companies, and others. Second, part of the program calls for the Fish and Wildlife Service to issue news releases on all significant regulatory actions and to hold public meetings at refuges where nontoxic shot zones are proposed. This will ensure that the public has the opportunity to comment on proposed actions. Third, as information materials (leaflets, etc.) are prepared, we plan to circulate them for comments to hunting groups and others before publication to ensure their objectivity. We also plan to seek joint sponsorship of some of the materials by hunters' groups and others.

Question: I don't want you to be accused of using these funds to lobby for elimination of the non-toxic shot provision in our bill. More importantly, I don't want you to use these public information funds in this manner.

Answer: The goals of the proposed information program are to provide scientific information about lead poisoning in waterfowl and eagles, to make sure the public is informed of regulatory actions and significant research studies, to explain how nontoxic shot zones are identified and designated, and -- to the extent possible -- to have information available for hunters in designated nontoxic shot zones who have practical questions about shooting with steel, such as whether it will damage their guns. In planning the proposed public information program, the Service has been careful to avoid activities that would "propagandize" for either side of the controversy.

The Service wishes to assure the Committee that it has no intention of using the proposed public information program to lobby for elimination of the nontoxic shot provision in the appropriations bill.

Crippling Loss Study

Question: There have been a number of crippling studies done to date and some contend that the information from those studies varies all over the board. Do you agree?

Answer: Last year, a group of four respected, independent, university statisticians was asked for their professional opinions on the various shooting tests conducted to date. After reviewing the principal studies that have been conducted, they unanimously indicated that the variability of study parameters was so great that no comparable analysis was feasible for the data presented. Some of the problem variables that were not controlled during these investigations included shot size, load construction, hunting conditions, hunter skill, choke type, distance to targets, birds shot at, and effort at crippled retrieval. As a result, the information (conclusions) provided by these studies is inconclusive on any major point. The studies were each small enough and lacked sufficient replication of tests so that questions of validity remain.

Question: In your judgment, is the proper measure of the ballistic efficiency of steel shot the number of shots per cripple or the number of hits per cripple?

Answer: Ballistic efficiency, has nothing to do with either number of shots per cripple or number of hits per cripple in hunting situations. Perhaps the information you are seeking is killing efficiency. If this is so, the proper measure is number of birds killed (or crippled) per number of shots fired under strictly controlled situations where the bird is already centered in the shot pattern. What matters most under field conditions is whether the hunter is educated about the proper use of steel shot and is adept at using it. The same, of course, can be also said for lead where crippling is involved.

Question: What index will you use in this study?

Answer: Specific indexes to be used in our study have not yet been precisely identified. These indexes are still under consideration.

Question: I have heard this study characterized as the "crippling study to end all crippling studies". Is that accurate?

Answer: We hope this study will put the crippling matter to rest, at least from the FWS perspective. It is common knowledge that the various shooting tests have been interpreted and misinterpreted in a number of ways. This, in combination with the inconclusiveness of the aforementioned review, places us in a weak position to take a firm stand one way or the other. To lend the maximum credibility to any decision we make, we feel that one additional, properly designed study, is the best approach.

Question: What will you do with your non-toxic shot initiatives if your study concludes that steel shot crippling rates exceed mortality by plumbism?

Answer: Should the study conclude that steel shot crippling rates exceed mortality caused by lead poisoning, based on the results of our monitoring and other data, we will review the situation with the states, flyway councils and others to formulate a course of action. Generally speaking, we would expect to look at the following types of things; modification of the criteria for identification of lead poisoning areas; the reasons for higher crippling rates for steel; the implementation of specific cooperative educational efforts to address problems attributable to shooting error or other factors influenced directly by hunters; and expediting, if practical, appropriate testing on any possible substitute shot that might be available at that time.

Lead-Steel Shot

Question: Are there any research plans to investigate non-lead, but also non-steel, shot materials? Why not?

Answer: Prior to the preparation of the 1976 final EIS on the use of steel shot for waterfowl hunting, the FWS and others experimented with numerous nontoxic shot substitutes. Materials and approaches included:

- °experiments with other metals such as copper, zinc, and nickel;
- °experiments with a number of different metal coatings on lead shot in an effort to find something resistant enough to withstand acids in the digestive tract and the grinding action of the gizzard;
- °alloying other metals with lead to make it less toxic;
- °experimentation to find a suitable shot that would disintegrate in water; and,
- °combining certain organic materials (called chelating agents) with certain metals to form a chelating ring to render the lead unabsorbable when digested by waterfowl.

The only suitable substitute found as a result of all the toxicity and ballistic experimentation by industry, government and others, was steel shot.

We are aware that a few individuals are still working on other possible nontoxic shot substitutes. As yet, we have nothing concrete to test or upon which to work. We have long had published in the Federal Register procedures for approving nontoxic shot substitutes (50 CFR Part 20.21). We are currently revising these procedures to streamline them where possible to expedite mortality and ballistics testing on any possible future substitutes. To date, no one has submitted a product for testing.

Generally speaking, the Department has no expertise in the ballistics field. We view this as the role of industry and the Department of Defense. We have periodically discussed the lead shot substitute matter with officials of both. We will continue this communication in hopes that something might ultimately be found that is ballistically nearer that of lead, realistically priced to the hunter and poses little or no toxicity threat to waterfowl. Cooperation and communication with industry is essential for obviously it is they that must manufacture and make available any new substitute.

In summary, while we have no formal research plans to investigate other substitutes, we are pursuing this in other ways. We will continue these efforts in hopes that other substitutes might become available for testing.

Steel Shot Site Monitoring

Question: Your recent Federal Register proposals, as I understand it, would trigger the monitoring of sites in over 450 counties, and that the counties to be monitored are the site of over 67% of the total waterfowl harvested each year. Is that right?

Answer: As pointed out in the proposed guidelines, over 450 counties encompassing some 67% of the waterfowl harvest areas, would be subject to monitoring under the triggering criteria.

Question: How does the Service reasonably propose to monitor these sites, even with the full cooperation of these states?

Answer: Of the over 450 counties meeting the 10 bird harvest per square mile criterion, all or parts of some 161 counties already have steel shot requirements, so no additional monitoring is envisioned.

In accordance with our critiera guidance, the remaining areas would then be monitored by the States to see if the decision criteria are met. If the State does not want or cannot monitor, then we will build the targeted areas into our schedule, as time and funds permit. On the other hand, some states may decide to propose nontoxic shot without further monitoring. As also stated in the criteria proposal, we will so honor such requests and publish appropriately in the Federal Register as proposed rules.

Current plans are to complete the criteria by early May so these can be applied during the 1985-86 monitoring efforts. Results of such monitoring would not be available until the spring of 1986. Thus, the 1986-87 hunting season would be the earliest that zones could begin to be implemented on the basis of this proposal.

Areas not monitored during 1985-86 would be monitored in subsequent years and nontoxic shot zones proposed on the basis of those findings, unless the states take more expedient action on their own.

Question: With all these counties to monitor and these feeding, toxicity, and crippling studies to do, is it reasonable for us to anticipate having the scientific base of knowledge to drop our lead shot language in the bill?

Answer: The close working relationship the Service has established with the States and private industry and the concensus approach that has been taken to monitor waterfowl harvest areas and select the most appropriate studies on feeding, toxicity and crippling losses will provide a scientific and rational basis for the identification and establishment of nontoxic shot zones. It is therefore reasonable for the Congress to anticipate that an adequate scientific base of knowledge will be available and the lead shot language can be dropped from the bill.

Question: Why are you proposing that we drop that language in light of all of this work to be done?

Answer: The Service recognizes the importance of cooperation and interaction with others to resolve the lead nontoxic shot issue; therefore, a consultative process was initiated with the States, industry, flyway councils and private organizations. This process was favorably received by the Conference managers in the Conference Report on the FY 1985 Appropriations Act. To date, specific criteria has been published in the Federal Register that would be used as guidelines in determining areas where lead poisoning is a significant problem and where hunters should be required to use nontoxic shot. The criteria are a key element because this gets to the heart of the problem that led to the lead shot language in the first place. The development of these criteria, in the consultative approach that has been initiated, will enable identification of future areas in a spirit of partnership with the State. In light of these and other steps that have been taken to work with the States and other interested parties, we recommend that the language be deleted.

Steel Shot Regulations

Question: As you know, we will be prepared to review with you in good faith the responses to your Federal register notices. However, I would be less than candid with you if I did not say at this time that I believe that there are a significant number of unknowns and practical issues that need resolution before we would understand the full implications of dropping our language all together. We are very willing to support your analyses and will help you in any we can to move to a resolution of this issue. We would also need reassurances that one of the prime group of citizens suffering the real impact of these regulations, the individual hunter, has had every opportunity to comment and that his comments had been carefully considered.

Answer: We appreciate and welcome your offer of assistance. Obviously, waterfowl hunters are most affected by our proposal. For this reason, we have in the past, and will in the future, continue providing every opportunity for them to comment on our actions.

As you are aware, we have had many meetings and discussions with representatives of states, organizations, flyway councils and others on this issue. Many of these discussions have also involved hunters. Some of the meetings have been geared specifically to hunters and others affected locally by our proposals. For example, we earlier held public meetings on or near refuges being proposed for nontoxic shot during the 1985-1986 hunting season. We are also just completing such meetings in areas affected by our nontoxic shot proposal concerning bald eagles that was published in the Federal Register on February 13, 1985. We view these meetings as key means for explaining our proposals and for obtaining feedback from those affected locally.

We are working in partnership with the states on identification and implementation of nontoxic shot zones. As a part of this, the states conduct public meetings at various locations within their boundaries to explain their proposals and to obtain hunter input and feedback. This is a very appropriate and necessary step to hunter education and involvement, and to obtaining reasonable local acceptance of nontoxic shot regulations.

It simply is not practical to met or discuss the matter personally with the many concerned groups and individuals throughout the country. For this reason, we are utilizing the Federal Register process as a means to make open public decisions on the various aspects of the issue being considered. This open approach to issue resolution is, at best, difficult because all members of the interested public do not have the same set of facts upon which to operate.

To supplement the public meetings and the Federal Register process outlined above, we have taken extra steps to alert hunters of our efforts so they are better aware of what we are striving to do and can provide inputs where desired. For example, we have worked with various groups in getting material of this sort published in their communications with members. Such information has been published by Ducks Unlimited, National Wildlife Federation, National Rifle Association, and various others in their respective publications. We are also aware that some duck-hunter organizations have included material on our proposals in their newsletters to members. We prepared and distributed to outdoor editors a set of questions and answers on our actions. Press releases have also been issued on key proposals upon publication in the Federal Register. We also have periodically prepared and distributed a "progress report" type letter to selected individuals and groups such as representatives of ammunition companies, selected conservation organizations, State directors and sportsmen organizations.

Through these and other ways, we are striving to ensure that waterfowl hunters are aware and informed about what is being done to resolve this issue, and that they are afforded every reasonable opportunity to make comments and recommendations.

Please be assured that we are seriously considering what waterfowl hunters have to say as we fully recognize that they and the waterfowl resource are most affected by our collective efforts to resolve this issue.

Clean Water Act

Question: On a recent staff visit to the Caribbean Wildlife Refuge complex, it appeared that a number of mangrove swamps were being filled in violation of the Section 404 process. Is this accurate?

Answer: Yes, mangrove wetlands are being filled in for vacation homes in Lagas, Puerto Rico. Cumulative impacts associated with disposal of untreated sewage and wetland fill for access roads and parking have affected the brown pelicans, yellow shouldered blackbird critical habitat, and marine turtles. Water quality has also been impacted. With urging from FWS, the Corps of Engineers has issued more than 20 cease and desist orders for illegal filling activities since 1982. As of September 12, 1983, seven cases had been filed in U.S. District Court.

Question: With the Clean Water Act up for authorization this year, does FWS support changes to the 404 process? If so, what?

Answer: The Administration does not at this time support amendments to section 404 of the Clean Water Act. The Fish and Wildlife Service, however, is currently working with other agencies responsible for implementing this program to address non-legislative changes in the 404 process. Specifically we believe changes should come in 5 areas. These are:

1. Consideration of fish and wildlife resources in the Public Interest Review

As currently functioning, the 404 process allows the Department of the Army (DOA) to dismiss the findings of Federal-State resource agencies during the public interest review. In addition environmental resource issues are often construed as being contrary to the public interest as opposed to being a part of it.

2. Mitigation of Resource Losses

In many instances resource issues are not adequately mitigated. Often the wishes of the applicant supersede the advice of Federal-State resource agencies regarding mitigation.

3. Extent of Jurisdiction

Many important wetland areas such as bottomland hardwoods and prairie potholes are not regulated due to the current interpretation of the Clean Water Act as being a water quality and not a wetland protection statute; the limited definition of wetlands; and determination regarding interstate commerce.

4. Nationwide General Permits

Many of the existing Nationwide and general permits are not consistent with 404(e) in that they have not been issued for categories of "activities involving discharges of dredged or fill material" (e.g., road-fill and construction, land fill activities and placement of structures on wetlands, etc.) as specified in the Act, and are neither similar in nature nor minor in impact. In some instances blanket permits have been issued for categories of waters and habitats instead of categories of activities.

5. DOI/DOA Memorandum of Agreement (404q)

The 1982 Memorandum of Agreement eliminated both resource impacts as a criterion for referral, and the FWS Region/Corps District - Division level of negotiation. It also made acceptance of an elevation discretionary by the Assistant Secretary of the Army - Civil Works, therefore relegating the Secretary of Interior to a lesser role. For these and other reasons, Service elevation recommendations have greatly increased over that covered by the 1980 MOA, while the percent of cases resolved to the satisfaction of the Service have dropped from 30 percent under the 1980 MOA to less than one percent under the 1982 MOA. A DOI task force has been established to pursue avenues for changing the 1982 MOA.

Question: You have requested essentially level funding for the habitat resources ecological services program. Will that be adequate in 1986?

Answer: Yes, the funding request for Habitat Resources will be adequate for FY 1986. The FY 1985 increases for Pre-development Consultation, Permits and Licenses, and Chesapeake Bay will assist the Service in better protecting fish and wildlife habitats of critical concern to the Service.

Question: What will be the role of the Council on Environmental Quality, and of the Service, on the Tennessee-Tombigee Waterway Project, on the Garrison Diversion project and on the Westway Highway Project?

Answer: The Department referred the Tennessee-Tombigbee Waterway Project to the Council on Environmental Quality (CEQ) on December 28, 1984. The Department and the Corps of Engineers provided testimony to CEQ on February 19, 1985. CEQ will provide an opinion on the issues by March 25, 1985. The Westway Highway Project was not referred to CEQ, after the New York Corps District released a Notice of Intent to Issue a Section 404 permit on January 24, 1985. The CEQ will probably not play a role in the Garrison Diversion Project. The Service concurs with the Garrison Diversion Unit Commission (GDUC) Plan that includes fish and wildlife mitigation and enhancement totalling 82,699 acres. A SID prepared by the Bureau of Reclamation and signed by the Department concerning implementation of the GDUC Plan was submitted to the House Subcommittee on Water and Power Resources on February 28, 1985. Draft legislation prepared by the Department to implement certain recommendations proposed by the GDUC requiring authorization was sent to the Congress February 6, 1985.

Grizzly Bear

Question: Last year, the committee included language in our bill affecting the grizzly bear program. What is the status of the four studies called for by the Committee (1 - Compendium of research. 2 - Best bear habitat. 3 - Road closure/bear interaction. 4 - Backcountry recreation/bear interaction.)?

Answer: The Interagency Grizzly Bear Committee (IGBC) has designated the Forest Service as the project management agency for the development of a state-of-the-art compendium on research. The design of the compendium was reviewed by the IGBC Research Subcommittee, and the Forest Service has negotiated a contract with the National Wildlife Federation for its development. The cost of this project, $46,000 (as well as those of the other projects detailed below), will be paid for by the Fish and Wildlife Service (from funds reprogrammed from Law Enforcement into Recovery for FY 1985 only). Now under development, the publication is scheduled for completion in December, 1985, with subsequent distribution to all management and resource agencies dealing with the grizzly bear. Copies will also be made available to the general public.

The documentation of the best grizzly bear habitat has been completed in the Yellowstone National Park portion of the Yellowstone Ecosystem. This report, completed December, 1984, documents habitat use and movements of radio-collared bears within this area from 1975 through 1984, and outlines the important habitats preferred by the bears on a seasonal basis. In addition, major portions of habitat preference studies for collared bears in other ecosystems have also been completed (Northern Continental Divide, Selkirk Mountains, and Cabinet Mountains). In 1985, survey work to establish important bear use areas is planned for the Selway-Bitterroot Ecosystem. Work will be continuing on this issue of preferred habitat in all ecosystems, utilizing resources of the Fish and Wildlife Service, National Park Service, Forest Service, and the States of Montana, Idaho, Wyoming, and Washington, with several geographic areas expected to be completed (mapped and documented) by December 1986. Information that is now available will be summarized and included in the forthcoming compendium.

The research study of the effects of roads and motorized road use on grizzly bear behavior and habitat use was initiated in 1984, with information collected from bears in Canada. Only this area across the border from Glacier National Park meets both factors needed for this study: It is inhabited by a concentration of radio-collared bears (14 grizzlies); and it receives intensive road use for forestry and oil and gas development activities. A report by the University of British Columbia on 1984 efforts and findings is scheduled for completion by April, 1985, including documentation and quantification of bear response to road use disturbance. This work is being continued in 1985, at an estimated Service cost of $40,000, with study efforts expanded to document the effects on and energy costs to bears of avoiding disturbance from motorized road use.

The research study on the effects of backcountry recreation on grizzly bear behavior and habitat use was also initiated in 1984, in the Yellowstone Ecosystem. The basis for the research, whose design was reviewed by the IGBC's Research Subcommittee, was to simulate backcountry recreation in the presence of radio-collared bears, and to record their reaction to this disturbance. In 1984, seven separate disturbances were simulated, and in six instances, the bears fled upon noticing the presence of the research team. The total average flight distance in response to this simulated recreation was 2.98 km (1.85 miles). This study is continuing in 1985, concentrating on measuring the energy costs to the bears of avoiding recreationists, and determining if the bears will avoid preferred habitats if simulated recreation is occurring. Costs for this study are being shared between the Fish and Wildlife Service and the National Park Service, as the concentration is on the Yellowstone Ecosystem. Service costs for work in 1985 will be approximately $30,000, and a final report is anticipated by November, 1985.

Question: One of the impacts of the grizzly bear language was to stop augmentation of the bear population in the Cabinet-Yaak Ecosystem. What do we know about the migration of bears between the Cabinet-Yaak Ecosystem and the Selway-Bitterroot Ecosystem?

Answer: We do not know if there is any functional movement of grizzly bears between the Cabinet-Yaak Ecosystem and the Selway-Bitterroot Ecosystem. There is a possibility that occasionally some bears could move through this area, but at this time we consider the amount of movement, if there is any, to be minimal.

Question: What do we know about the current population in the Selway-Bitterroot Ecosystem?

Answer: We have little information on the current population levels in the Selway-Bitterroot Ecosystem. There are reported sightings each year, but few are verified. Dr. John Beecham of Idaho Fish and Game confirmed a grizzly track in the late 1970's in the area. Idaho will undertake a survey of the area in 1985 using Section 6 funds from the Fish and Wildlife Service in an effort to answer some of the questions about the distribution and validity of recent sightings.

Question: About its carrying capacity?

Answer: The carrying capacity of the Selway-Bitterroot Ecosystem is unknown, as it is for all other areas in the lower 48 States. The concept of habitat carrying capacity for grizzly bears has not been adequately defined. There is evidence that the Selway-Bitterroot area contains sufficient habitat to sustain a viable, self-sustaining bear population, given its large size and the large amount of wilderness in the area. We do know that the damming of Clearwater River in 1927 had the effect of reducing the availability of fish to bears, and this removal of a natural food source adversely impacted the bear population.

Question: Biologically, how certain are we that the Cabinet-Yaak population is below 1975 levels?

Answer: We do not know the relationship between the current population in the Cabinet-Yaak Ecosystem and the population in 1975. Intensive studies in this area began in 1983, and as yet only two bears have been captured after two years of extensive capture effort. We do know the population is small and contains few, if any, young animals.

Grizzly Bear Recovery Plan

Question: We understand that beginning this summer and extending into 1986, you will be updating the 1980 recovery plan. Will this involve revising the boundaries of the individual ecosystems?

Answer: Updating of the recovery plan will involve a review of occupied grizzly habitat within and surrounding each ecosystem, in order to better define the occupied boundaries on the basis of the most current information. This review, which is part of our normal review process, and is called for as one of the tasks in the approved recovery plan, will involve a reassessment of all grizzly bear distribution information gathered since 1980.

Question: What will be the basis for the revisions--habitat type, bear sightings, etc.?

Answer: Any revisions in boundaries, management, etc., will be based on many criteria, including suitability of the habitat to provide important seasonal range; land allocation, ownership, and uses; bear distribution; and the size/quality/characteristics of the area necessary to maintain a viable population.

Question: Will the recovery plan specify how bears are to be managed inside those ecosystems, as well as outside of those ecosystems?

Answer: Yes, the revised recovery plan will outline how bears will be managed both inside and outside of the ecosystems. This is necessary because the grizzly bear is listed as threatened throughout the lower 48 States; and, under the Endangered Species Act, it must be protected/conserved throughout this range. Bears will likely occur outside of established boundaries because of natural movements.

Question: Will the updating of the recovery plan involve public participation and input?

Answer: Recovery plan revision is scheduled to proceed through 1985 with completion in mid-1986. Under the normal recovery plan development or revision process, the initial draft of the recovery plan (called the technical review draft) is circulated to biologists or others considered "experts" on the species for their review. This review concentrates on the biological and ecological considerations identified in the plan. Once comments are received on the technical review draft, they are incorporated or addressed in the second draft (agency review draft). This agency review draft is then circulated to all cooperating agencies, as it is important that they have input on any tasks or activities in which they are expected to participate. It is at this time that the plan (agency draft) is also sent out to all interested and/or affected parties (private organizations, private citizens, etc.) to provide for public comment. Review comments are returned to the Fish and Wildlife Service, and incorporated or addressed in the final draft. This final draft is then submitted to the Service's Director for approval. There are also additional opportunities for public input, as specific recovery tasks are implemented by various wildlife and land management agencies.

Question: Please provide a list of places and dates where the public will be able to comment on the proposed changes.

Answer: No specific timetable regarding recovery plan development or public comment is available at this time. However, when the recovery plan has reached the agency draft stage, the Service will issue press releases to the local media, to provide the opportunity for public comment and participation, and promote public input.

Question: Will the recovery plan take into consideration other potential uses of land within the ecosystem boundaries?

Answer: Yes, the recovery plan recognizes that there are many uses of existing grizzly bear habitat. The recovery effort for the grizzly bear strives to make grizzly bear survival and human use of grizzly habitat compatible. There has not been in the past, nor will there be in the future, any effort to remove all human activities from grizzly bear habitat. The Interagency Grizzly Bear Committee is on record as stating that the recovery of the grizzly bear cannot be dependent upon the elimination of human use from large areas of grizzly habitat. The Endangered Species Act mandates that all Federal agencies conserve endangered and threatened species. The grizzly bear is listed as threatened throughout the lower 48 conterminous States, and thus is protected under the provisions of the Act in all ecosystems. The Act mandates that the bear be conserved throughout its range.

Question: Is it legally essential that all of the ecosystems identified in the 1980 recovery plan be managed so as to have viable populations?

Answer: The purpose of a recovery plan is to outline those tasks and objectives which, when implemented and achieved, bring an endangered or threatened species to the point where measures provided pursuant to the Act are no longer necessary, and the species can then be delisted. The purpose of revising recovery plans is to update the information, tasks, and goals, as necessary, based on the most current information. As the goals of any plan are met, the status of the species is reviewed to determine if in fact, it is no longer in need of protection under the Act. If this determination is made, the species is then delisted. The present Grizzly Bear Recovery Plan identifies six areas where grizzly bears are known to have been present since 1970. The Plan states that these six areas appear to have adequate space and sufficient habitat to offer the potential for securing and restoring the grizzly as a viable, self-sustaining member of each ecosystem. The Recovery Plan further states that recovery of viable, self-sustaining populations in at least three of the six existing ecosystems is necessary for recovery of the species. The three ecosystems listed in the Plan where recovery efforts should be concentrated initially are the Yellowstone, the Northern Continental Divide, and the Cabinet-Yaak. These three areas were selected for priority recovery efforts because in 1980, when the Plan was written, most information on grizzly populations was available from these areas. Thus, under the present Plan, establishment of viable, self-sustaining populations in three ecosystems is believed necessary for recovery of the species, and three ecosystems have been identified in the Plan for priority recovery efforts.

Cabinet-Yaak Ecosystem

Question: For example, if the Cabinet-Yaak Ecosystem now has 12 to 14 bears and if the habitat in the Ecosystem is judged to be able to support, say, 70 bears, are we required under the Endangered Species Act to move 50 to 60 bears into that area, to end up with a viable, self-sustaining population?

Answer: If 70 to 90 bears are determined necessary for maintaining a viable, self-sustaining population in the Cabinet-Yaak Ecosystem, and the habitat in the Ecosystem is capable of supporting such numbers at an acceptable density, then that is the level at which the population will be judged recovered. Certainly, it would not be feasible to relocate 50 to 60 bears into the Cabinet Mountains. Natural reestablishment is the preferred method of establishing viable populations in the Cabinet-Yaak and any other ecosystem. Population augmentation may be used as a last resort in those few ecosystems which have little or no functional immigration potential from contiguous habitats.

Question: Has the 1985 appropriations bill provision authorizing agencies to reimburse permittees for reasonable costs incurred to accommodate grizzly bears been used yet? Please describe.

Answer: To our knowledge, it has not been used yet, possibly due to the fact that bears have been denning, and recent conflicts have not occurred. For the best and most up-to-date response, we have referred your question to the Forest Service, which will reply directly to you on this matter, after consolidating input from the four regional offices involved (covering the States of Idaho, Wyoming, Montana, and Washington).

Question: Does the Cabinet-Yaak Ecosystem include some Canadian land? How much?

Answer: The Cabinet-Yaak Ecosystem is contiguous with occupied grizzly bear habitat in Canada north of the Yaak River drainage. It is recognized that grizzly bears regularly move back and forth across the U.S./Canada boundary. At present, we work closely with Canadian wildlife management agencies to provide adequate habitat on both sides of the border. There is no present definition of how much grizzly bear habitat is available immediately north of the Yaak River drainage, although it is recognized that grizzly bears do occur in this area in fairly low density. The density estimates are based on subjective estimates by Canadian biologists.

Question: Will the Ecosystem be treated as a whole in updating the recovery plan or will we only look at that part in the USA?

Answer: In the Cabinet-Yaak Ecosystem, as well as the Selkirk, North Cascades, and Northern Continental Divide Ecosystems, the recovery of the grizzly bear is dependent upon management considerations on both sides of the international boundary. This is especially important in those smaller ecosystems, such as the Cabinet-Yaak, where the bears may regularly move back and forth across the border. The management prescriptions, tasks, etc., outlined in the recovery plan are intended as guidance for all grizzly bear habitat on both sides of the border. However, the Endangered Species Act gives us no authority over Canadian resources, and we must rely on close coordination and cooperation with Canadian wildlife and land management agencies.

Question: Please provide for the record the FWS funding for the grizzly bear for FY 1985 and FY 1986 by project and state. Include funding for the Interagency Grizzly Bear Committee (IGBC) as a separate entity and provide object classification data for IGBC.

Answer: No funding has been allocated for or spent by the IGBC as a separate entity. Each agency involved in the IGBC provides funding and support for its committee representative(s). Service funding for grizzly bear activities, as scheduled in 1985 and proposed for 1986, is shown in the table below. Also included are approved Section 6 State grants for 1985; project approval for 1986 will not occur until later this summer, after the appropriation is enacted and the States submit their proposals.

Fish and Wildlife Service Grizzly Bear Action	FY 1985 Budgeted	FY 1986 Proposed
Law Enforcement - investigations and on-site enforcement presence.	$313,000	$313,000
Recovery	$361,000	$245,000
a. Grizzly Bear Recovery Coordinator.	57,000	57,000
b. Study and monitor population status and trends.	78,000	78,000
c. Yellowstone Ecosystem research with National Park Service.	20,000	20,000
d. Habitat and population monitoring program in Yellowstone, Cabinet-Yaak, and Northern Continental Divide Ecosystems.	90,000	90,000
e. Congressional projects (Research compendium, and studies on best habitat, road use, and backcountry use).	116,000	---
TOTAL	$674,000	$558,000
State Grants (Section 6 funding)	$139,400	To Be Determined
a. Idaho - Survey in Cabinet-Yaak.	30,000	
b. Idaho - Habitat evaluation and population survey, Selway-Bitterroot.	20,000	
c. Idaho - Road closure enforcement study (excludes $7,500 for woodland caribou).	7,500	
d. Washington - Population parameters, habitat use and movements, Selkirks.	36,900	
e. Wyoming - Status and trend information, habitat use, effects of land management on habitat, and control, Yellowstone.	45,000	

Question: What is the status of the Montana grizzly hunt planned for 1985?

Answer: At present, the State of Montana has suspended any decision on an active grizzly bear hunt for 1985 until the completion of its EIS on grizzly bear management. The draft EIS is scheduled to be completed in July, and the State has said it will decide on the 1985 grizzly bear season at its Fish and Game Commission meeting in August. On December 20, 1984, the Defenders of Wildlife filed a Notice of Intent to file a citizen suit, suggesting data is lacking on which to make a sound decision on the hunt. The Defenders have not responded to the State's decision to defer the final season decision until August.

Resource Contaminant Monitoring

Question: Judging from your workload table on page 38, it appears that your contaminant assessment program is holding steady or slightly increasing. Have you uncovered any new "hot spots" recently?

Answer: No new "hot spots" have been uncovered. Such areas currently under investigation are located in Chesapeake Bay, Galveston Bay, San Francisco Bay, and the Great Lakes.

Question: What is the status of work on the selenium contamination problem in Northern California?

Answer: With regard to selenium contamination in Northern California, fish, waterfowl and mammal studies are underway at Kesterson National Wildlife Refuge. Selenium levels, high enough to adversely affect reproduction have been found in fish, both within and outside the refuge. Elevated levels sufficient to adversely affect reproduction have been found in coots and shorebirds. A coot nesting survey conducted in 1984 found no coot nests although coots were present on the refuge. Numerous dead coots, ducks, and grebes were found during the survey. Small mammals have been collected but analyses have not yet been completed. Kesterson Reservoir at the Wildlife Refuge has been closed to the hunting of migratory waterfowl.

Question: Do we have any refuges essentially closed to migratory waterfowl?

Answer: No refuges that have been previously open to hunting other than the Reservoir section of Kesterson have been closed to hunting.

Question: What will be done there in 1985 and 1986?

Answer: In 1985 and 1986, the Department will continue a program of technical studies to evaluate drainage problems in the Western San Joaquin Valley. These studies will be funded by the Bureau of Reclamation (BR), but will be performed by the Service, the U. S. Geological Survey and the BR. The primary responsibility for clean-up rests with BR. The Service is involved in reviewing alternative strategies for clean-up. U. S. Geological Survey will conduct water quality analyses for water entering and leaving Kesterson. The Service will continue to work with the BR to reduce utilization of Kesterson ponds by birds, using an expanded hazing program, habitat modification and water management techniques. In FY 1986, the Service will initiate assessments of agricultural runoff impacts to other refuges in California and off Service lands along the San Joaquin River Valley and in the San Francisco Bay Delta. The Geological Survey began a four-year monitoring effort in 1984 to determine sources of selenium in the Central Valley and to model soil geo-chemistry.

Question: What would it cost to clean-up these sites?

Answer: The Bureau of Reclamation has a preliminary estimate that the basic costs for cleaning up Kesterson Reservoir will range from $14 - $48 million; however, depending on the extent to which soil and water will have to be removed, these costs could be increased by as much as $564 million.

Question: Did this problem sneak up on us or were we monitoring it adequately?

Answer: Between 1972 and 1980, the water discharged into Kesterson Reservoir consisted mostly of fresh, good quality irrigation water from local sources. Increasing amounts of subsurface drainage water began flowing into the

Reservoir in 1978 as subsurface drains were installed and drainage water from them was discharged into the San Luis Drain. Since January 1981, flows into the Reservoir have consisted mostly of subsurface drainage water.

Selenium in drainage waters entering Kesterson Reservoir was discovered during the conduct of the technical studies required by the State Board and is thought to be the cause of high rates of waterfowl mortality and deformities observed at the Reservoir and reported by the Service in 1983 and 1984. In September 1984, a waterfowl hazing program was implemented to discourage waterfowl from using Kesterson Reservoir.

Following the preliminary findings at Kesterson, additional studies were initiated to determine the origin and areal extent of selenium, its various chemical forms, and the biologic response to a range of concentrations. In addition, monitoring programs were expanded to cover a wider geographic base and a broader range of chemical constituents.

Question: You have apparently retained $980,000 in your FY 1986 base program for research and development related to the acidified lake liming program (p. 48). Is that accurate?

Answer: Yes, $980,000 is planned for FY 1986 to support acidified surface water liming studies. These funds are important to the success of this project.

Question: Do we need to continue this research initiative view of your proposal not to continue the demonstration program in 1986? Why?

Answer: While funds will be obligated in FY 1985, the demonstration program will be continued through 1989 under Cooperative Agreements with individual States. While States will be conducting the applications and monitoring using the funding under contract over the next five years, the Service plans to assist in the follow-up, data analysis, research on specific issues, preparation of the guidance documents and study results. This is one of the best designed and planned field operation and research studies on acidified surface waters done to date in North America. The Service looks forward to making significant progress in treatment of acidified waters, and believes continuation of its research initiative is essential to achieve this progress.

Cooperative Research Unit Combination Process

Question: We are pleased to see that funds are included to continue the cooperative fish and wildlife research units in 1986. It seems that this is the good news. The bad news is that you are apparently continuing to press for consolidated units and for reduced funding. Do states have to agree with your proposal to combine their units?

Answer: We are not forcing unit combinations unilaterally. We are combining units in states that request us to do so or those that state their willingness to work with us to accomplish the combination process.

Question: What inducements are you using to persuade the states to combine units?

Answer: We are expressing our belief that combined units provide the best configuration for utilizing funds and allotted FTEs to maintain our scientific expertise and administrative efficiency. We point out the advantages of combining all administrative duties in one leader position rather than having similar duties for two leaders. Additionally, we stress the enhanced ability of the unit to look at ecosystem level problems when both aquatic and terrestrial biological expertise is combined in a single unit.

Question: You show 80 FTE are assigned to this program. How many personnel are actually on board?

Answer: We currently have a total of 72 employees in this program. Sixty-seven of these employees are in field positions located at units. We are in the process of filling several additional vacancies.

Question: Will there be any FTE savings from further consolidation?

Answer: At the present time, we do not project further savings beyond the 80 FTEs reflected in the budget justification. We estimate that we will need 80 FTEs to fully staff the Program even if all units are consolidated in states where a unit of each type now exists.

Question: Why are they not shown?

Answer: There will be no FTE savings from the current allotment.

Question: When I look at the funding breakdowns by state, it looks like the states with separate units have funding levels ranging from $150,000 to $240,000. What will be the combined funding level by state after consolidation?

Answer: Our projection is for each combined unit to be funded at the $150,000 level and each of the 5 separate fishery units to be funded at $100,000.

Question: Where do these savings show up in the justifications?

Answer: There are no savings from the current funding level. The current level of funding provides for program maintenance by allocation of $150,000 to fully staff combined units. When all states combine their units our funding will be adequate to operate the program.

Question: What will the savings be used for?

Answer: There will be no savings. This funding level will allow for appropriate funding of the program when all units are combined.

Lower Snake River Compensation Plan

Question: I am particularly pleased to see that the Service is requesting increased funding for operating the Lower Snake River hatcheries. The justification states that these funds ($5,649,000) are reimbursed to the Treasury's General Fund on the last day of the fiscal year by the Bonneville Power Administration. However, according to your 1985 justification, almost $7,000,000 would be required in 1986 for full funding. What is the difference in the FY 1985 and FY 1986 levels?

Answer: The only significant program change from the FY 1986 estimate of $6,958,000 shown in the FY 1985 justifications and the $5,649,000 currently requested for FY 1986 is a reduction in evaluation funding from $1,750,000 to $929,000. In addition, the FY 1985 justification for the Lower Snake program identified about $400,000 for administrative support costs in FY 1986. In the FY 1986 justification, this amount is included in the base for the General Administration Activity but is not identified in the Lower Snake River justification.

In light of the necessity to reduce the Federal budget, evaluation needs were reviewed and less essential activities deferred. We believe the requested amount will be adequate to meet the essential State and FWS evaluation activities in FY 1986. The reduction would be accomodated primarily by reducing the numbers of fish tagged at the various hatcheries to evaluate survival and return; deferring purchase of tagging equipment; and stretching out or deferring certain production-techniques, nutrition, and other studies originally planned for FY 1986.

All anticipated facility operations and maintenance needs in FY 1986 will be fully met with the requested funding.

Question: Were FY 1984 expenses reimbursed by BPA?

Answer: To the best of our knowledge, all LSRCP operations and maintenance costs incurred by the FWS in FY 1984 and prior years have been fully reimbursed to the Treasury by BPA.

Question: Please provide a response for the record that indicates the account name of the BPA reimbursement to the General Fund.

Answer: The Treasury Receipt Account number for deposit of BPA receipts related to LSRCP operations and maintenance is 892889. This is reflected in the President's Budget Appendix I-J20 (line 00.21 of the Program and Financial Schedule) for BPA as associated project costs, Corps of Engineers.

Question: If these expenses are to be reimbursed by BPA to the General Fund, why don't we simply advance or transfer those from BPA's account in the FY 1986 appropriations bill?

Answer: The existing mechanism, under which the BPA reimburses the Treasury for mitigation costs budgeted by and appropriated to the FWS, functions very effectively. It provides appropriate

Congressional oversight through the budget process while retaining actual management of the fishery mitigation program within a Federal fishery management agency (the FWS), thus assuring effective accomplishment of the fishery mitigation goals and objectives laidout in the Lower Snake River Compensation Plan. A mechanism to advance or transfer funds through the appropriations bill could be useful if it continued to provide the appropriate Congressional oversight and assured that Federal fishery resource management responsibilities and perogatives remained with an appropriate Federal resource agency.

Bear Lake NWR Research Study

Question: The Committee added $250,000 in FY 1984 to study the nutrient and sediment problems at Bear Lake NWR, Idaho and Utah. It was our hope that a solution could be developed to prevent deterioration in the water quality in the lake from eutrophication resulting from non-point source pollution. Our concern was that the Bear Lake Regional Commission has proposed a series of dikes in the marsh so that water diverted from the Bear River would have to pass through a series of ponds before it reaches Bear Lake. What is the status of the study?

Answer: The Service issued a three year contract for the study to the University of Idaho, Moscow, Idaho on August 15, 1984. The work is being conducted by the Idaho Cooperative Fishery Research Unit and involves an analysis of the movement of water, sediments, and nutrients passing through refuge marshes and into Bear Lake. A detailed study plan and sampling schedule will be completed in April 1985.

Question: Is it accurate that if the dikes are built that the wildlife values at Bear Lake NWR will be adversely affected?

Answer: The objective of the study is to examine alternative solutions to the nutrient and sediment loading problems affecting refuge marshes and Bear Lake. Ideally, the study will recommend methods for reducing these loading problems through some form of cost effective development and management. Obviously, any solution that involves the refuge must be sensitive to associated wildlife values. Any specific impacts to wildlife will be described by the final study report which is to be completed by January 1987.

Question: The Service has contracted the study with the Idaho Cooperative Fishery Unit. If the proposed Section 2901 rescissions were to be enacted, would this contract be affected?

Answer: The proposed Section 2901 rescissions would not effect the Bear Lake Research Study contract between the Service and the Idaho Cooperative Fishery Research Unit.

Question: Would other consultant contracts of this type be affected?

Answer: Some other consulting contracts of this type would be affected by the proposed rescissions.

Question: Will the $250,000 be sufficient to adequately complete the study? Please keep the Committee advised as to the progress of the study.

Answer: As presently designed, $250,000 is sufficient funding for the completion of this study. The Service will keep the Committee advised as to the progress of this study.

Comprehensive Conservation Plans for Alaska National Wildlife Refuges

Question: You are proposing a reduction of $225,000 related to developing the comprehensive management plans required for the Alaskan refuges. Our information is that only 4 of the 16 refuges have had plans released for public review. Your deadline for completing these plans is December 1987. While you are assuming that you can meet your target date, it seems more prudent to keep up our planning efforts at this time and only make reductions after we have met our schedule. Doesn't that seem more reasonable to you?

Answer: We believe we can both keep up our planning efforts and meet the December 1987 target without the $225,000 referred to. Although delays occurred in FY 1983 and FY 1984 during preparation of the first five plans required under section 304(g) of the Alaska National Interest Lands Conservation Act, most plan development problems have been resolved and substantial progress has been made in the planning process. We now have an efficient planning system that will reduce the time necessary to prepare individual plans and enable us to complete all sixteen plans for public review by December 1987.

In addition to the four plans already released to the public (Kenai, Becharof, Alaska Peninsula, Izembek), three additional plans will be released in FY 1985 (Togiak, Tetlin, Yukon Flats) and another three in FY 1986 (Kodiak, Kanuti, Koyukuk). The remaining six plans (Yukon Delta, Arctic, Nowitna, Selawik, Innoka, Alaska Maritime) will all be available by December 1987.

We are committed to this schedule and firmly believe that we can prepare high quality plans in the time available without additional funding.

Water Rights on National Wildlife Refuges

Question: Congress has insisted that the Service continue an accelerated effort to identify needed water rights in the 17 western states. Protection of water rights seems essential to maintain waterfowl production and to sustain waterfowl maintenance programs. How far along is the Service in establishing water rights for its western refuges?

Answer: The water rights on each refuge are a very important management concern essential for attaining waterfowl maintenance, waterfowl production, and other migratory bird goals. However, the Service has historically acquired water rights with land purchases, and appropriated additional water pursuant to State law when needed. The concern for refuge water rights is not in establishing water rights, but in monitoring and quantifying water usage to ensure compliance and measure benefits produced for wildlife in order to defend existing water rights as the need arises.

Question: How long will it take at the 1985 level of $319,000?

Answer: Since the concern for water rights is not one of establishment, but one of defending existing water usage; and because the time table for defense of those rights is controlled by state courts, this question cannot be answered accurately.

Question: How long will it take if Congress agrees to your proposed reduction of $143,000 leaving a base program of $176,000?

Answer: The Service's proposed base program is adequate to protect existing water rights by funding ongoing water usage monitoring and adding new monitoring stations when needed. This level of funding will allow the Service to keep pace with the slow moving adjudication process over which the Service has no control.

Question: Can you provide for the record a work plan and time table for each funding level?

Answer: As indicated above, the Service is unable to provide a time table for the adjudication of water rights. The following table lists refuges where quantification work would be accomplished with the two levels of funding. The larger funding level will provide more water quantification data but will not necessarily enhance water rights protection efforts. The smaller funding level assures adequate protection levels associated with adjudication and quantification.

Refuges where water quantification work would be accomplished at $176,000 funding level:

Refuge	State	Refuge	State	Refuge	State
Stillwater	NV	Las Vegas	NM	Karl E. Mundt	SD
Moapa	NV	Maxwell	NM	Teawaukon	ND
Kakahia	HI	Cibola	AZ	Des Lacs	ND
Ruby Lake	NV	Havasu	AZ	Bowdoin	MT
Turnbull	WA	Hagerman	TX	Benton Lake	MT
Modoc	CA	Upper Souris	ND	Seedskadee	WY
Laguna Atascosa	TX	J. Clark Salyer	ND	Arapaho	CO
Santa Ana	TX	Lacreek	SD		

Additional refuges where water quantification work could be accomplished at $319,000 funding level:

Refuge	State	Refuge	State	Refuge	State
Sacramento Complex	CA	Bosque Del Apache	NM	Alamosa	CO
San Luis	CA	Medicine Lake	MT	Crescent Lake	NE

Public Use on National Wildlife Refuges

Question: Last year, Congress added $500,000 for the Service to improve the visitor usage of our wildlife refuges. You are proposing to reduce this by $207,000 in 1986. What does this leave in the base program?

Answer: FY 1985 public use funding, including the $500,000 Congressional add-on was $6,075,000. The FY 1986 base, with the $207,000 reduction, is $5,868,000.

Question: Where was the money spent in 1985?

Answer: The $500,000 add-on funds, after the 2% Congressional reduction, will be utilized for the following activities:

	($000)
Training	49
Information Exchange System	24
Improving day-to-day operations and completing one-time projects at the following national wildlife refuges:	
National Elk Range/Jackson NFH, WY - new signs, rehabilitation of aquarium, new exhibits, new kiosk.	34
Tinicum National Environmental Center, Pa - exhibit for visitor center,environmental education supplies and equipment, rehab fishing access site.	49
Deer Flat NWR, ID - correct public health and safety problem (drinking water), additional signs.	24
Trustom Pond NWR, RI - develop exhibits and signs for Sachnest Point visitor center.	20
Kenai NWR, AK - new signs, new projector system for visitor center with films and video tapes, spotting scope for wildlife observation site, support for public safety.	74
Mason Neck NWR, VA - construct nature trail, construct parking lot.	20
Anahuac NWR, TX - develop interpretive plan, signs, maintain auto tour.	24
San Francisco Bay NWR, CA - interpretive signs at new fishing pier, made safety alternatives and corrections in parking lot at visitor center.	20
Minnesota Valley NWR, MI - developed 5 information kiosks, developed a Systems 70 exhibit about current refuge programs, printed brochure, signs.	24
Kilauea Point NWR, HI - improved access into the interpretive area for safety purposes, developed interpretive leaflet, improved exhibits.	20
Tennesse NWR, TN - improved boating access, built kiosk, signs, updated brochure.	24
Wheeler NWR, AL - new signs, two kiosks with panels, enhanced wildlife observation opportunities.	20
National Fisheries Center, WV - improve day-to-day operations as well as develop computer quiz in exhibit area of visitor center, produce brochure about NFC, and remodel the aquarium and provide graphics.	30
Patuxent Wildlife Research Center, MD - improve day-to-day operations as well as develop lobby exhibits in Gabrielson and Bio-chemistry Bldgs.	34
TOTAL	490

Question: Where will the remaining amount be spent in FY 1986?

Answer: The following one-time projects have been completed or reduced. Funding has been reduced by $207,000. The remaining balance, $283,000, will be utilized at the following stations to maintain day-to-day operations.

Station	Reduction	Remaining Balance
Training Majority of current staff have been trained.	32	17
Information Exchange System	15	9
National Elk Range/Jackson NFH,WY Completed new signs	5	29
Tinicum National Environmental Center, Pa Completed exhibit and fishing access site.	40	9
Deer Flat NWR, ID Completed water well to correct public health problem.	15	9
Trustom Pond NWR, RI Completed exhibits and signs.	10	10
Kenai NWR, AK Completed new signs, new projection system with films and video tapes, spotting scope.	45	29
Mason Neck NWR, VA Completed trail and parking lot.	10	10
Anahuac NWR, TX	0	24
San Francisco Bay NWR, CA Completed signs and parking lot.	10	10
Minnesota Valley NWR, MI	0	24
Kilauea Point NWR, HI Completed leaflets	10	10
Tennessee NWR, TN Reduced some boating access improvements and sign purchases.	10	14
Wheeler NWR, TX Will not build two kiosks.	5	15
National Fisheries Center,WV	0	30
Patuxent Wildlife Research Center, MD	0	34
TOTAL	207	283

Question: It was our understanding that the Deer Flat NWR in Idaho was to receive $50,000 in additional public use funding in FY 1985, but your station listing shows no change from FY 1984 to FY 1985. Why is that?

Answer: Deer Flat NWR received $25,000 of the $500,000 Congressional add-on for public use. Due to an error in data keypunching, the Field Station Report for FY 1984 is in error. The correct figure for Deer Flat NWR for FY 1984 should be $251,400. The $25,000 for public use is a part of $51,600 increase bringing the station total for FY 1985 to $303,000.

FTE Staffing on Refuges

Question: What was the FTE staffing plan on refuges for FY 1984?

Answer: In FY 1984, we utilized 1877 FTEs on national wildlife refuges.

Question: Was that increased in 1985?

Answer: Yes, we are allocating 2008 in FY 1985, an increase of 131 FTEs.

Question: What is the plan for 1986?

Answer: Allocation of 2,005 FTEs is requested for FY 1986.

Question: Can you identify specific refuges that need additional staffing in 1986?

Answer: Additional staffing could be used at several new refuges, including the following:

Refuge	FTE (Full-Time Equivalent)
Pierce	0.5
Ash Meadows	2
Kilauea Point	1
Buenos Aires	4
Alligator River	3
Connecticut Coastal	1
Cape Charles	2

Although the Service will probably not meet all of the indicated needs, the most urgent needs may be met by shifting FTEs between stations. Also, temporary details to these stations during peak work loads may provide some relief.

Resource Problems

Question: Regarding your recent refuge resource threats assessment, can you identify by refuge what additional funding and staffing has been provided to correct these threats? Use FY 1983 as your base year and conclude with your 1986 proposal.

Answer: No funding was received to resolve refuge resource problems in FY 1983 or FY 1984; since these problems were first identified in a report published in July 1983. This report, together with regional requests and station comprehensive plans developed in 1984, served as the basis for FY 1985 and FY 1986 funding of projects. In FY 1985, a total of $7.8 million projects were funded, including $4.9 million for resource management projects and $2.9 million for construction projects. The FY 1986 budget includes $4.9 million for resource management projects. Funding for projects to resolve refuge resource problems is summarized below. An asterisk (*) is used to mark the projects that involved additional staffing, including seasonal employees and staff hired for a specific project. Funds were summed for each refuge, and only the total for each refuge is shown.

FUNDING FOR PROJECTS TO RESOLVE REFUGE RESOURCE PROBLEMS
($000)

	FY 1983	FY 1984	FY 1985	FY 1986
Resource management projects	0	0	4,900	4,900
Construction projects	0	0	2,940	0
Total	0	0	7,840	4,900

REFUGE RESOURCE PROBLEM FUNDING
($000)

Refuge	FY 1985	FY 1986
ALAMOSA	29	-
ALASKA MARITIME	103	56
ANAHUAC	29	150
ARANSAS	10	-
*ARCTIC	245	220
ARROWWOOD	47	-
ATTWATER PRAIRIE CHICKEN	59	-
BACK BAY	59	60
BARNEGAT	-	60
BEAR RIVER	15	-
BECHAROF	147	101
BENTON LAKE	39	-
BIG BOGGY MARSH	-	25
BIG LAKE	88	-
BOMBAY HOOK	5	5
BRAZORIA	49	5
BRIGANTINE	49	-
BUFFALO LAKE	98	-
CABEZA PRIETA	-	22
CAMAS	-	16
CAPE ROMAIN	59	-
CASSVILLE WMD	10	50
CATAHOULA	-	20
CHARLES M. RUSSELL	83	-
CHAUTAUQUA	-	100
CHINCOTEAGUE	-	25
CHOCTAW	20	10
CIBOLA	-	20
COLUMBIAN WHITETAILED DEER	20	-
COLUSA	-	40
CRAB ORCHARD	985	-
*CROSBY WMD	74	-
CROSS ISLAND	-	5
CRYSTAL RIVER	15	10
CULEBRA	-	135
DESERT	-	56
DESOTO	64	70
DETROIT LAKES WMD	93	95

REFUGE RESOURCE PROBLEM FUNDING
($000)

Refuge	FY 1985	FY 1986
DEVILS LAKE	-	28
EASTERN NECK	5	15
EUFAULA	59	-
FELSENTHAL	20	20
GREAT MEADOWS	13	33
GREAT SWAMP	14	14
HAGERMAN	-	8
HAVASU	-	55
HAWAIIAN ISLANDS	61	60
HORICON	34	35
IMPERIAL	70	71
INNOKO	88	65
*J. CLARK SALYER	206	-
J.N. "DING" DARLING	108	61
JAMES C. CAMPBELL	14	18
KANUTI	15	15
KENAI	186	105
KERN	552	-
KESTERSON	-	24
KODIAK	49	34
KOFA	-	5
KOYUKU	16	125
LAGUNA ATASCOSA	7	17
LAKE ANDES WMD	74	-
LANSING DISTRICT	-	15
LITCHFIELD	62	63
LITCHFIELD WMD	17	5
LOUISA WMD	-	15
LOSTWOOD	25	-
LOWER RIO GRANDE VALLEY	32	47
LOWER SUWANNEE	113	-
LOXAHATCHEE	108	-
MALHEUR	59	60
MARTIN	-	20
MASON NECK	-	25
MATTAMUSKEET	-	100
MAXWELL	20	-
MEDICINE LAKE	44	-
*MINNESOTA VALLEY	35	20
MISSISQUOI	15	15
MISSISSIPPI SANDHILL CRANE	39	60
MONTEZUMA	352	50
MOOSEHORN	-	10
MORRIS WMD	41	42
MULESHOE	20	55
*NATIONAL BISON RANGE	6	-
NATIONAL ELK REFUGE	18	-
NINIGRET	15	15
*NORTHEAST MONTANA WMD	-	23
NOWITNA	82	15
NOXUBEE	98	-
OKEFENOKEE	-	96
OREGON ISLANDS	44	45
OTTAWA	-	10

REFUGE RESOURCE PROBLEM FUNDING
($000)

Refuge	FY 1985	FY 1986
OXBOW	5	5
PARKER RIVER	-	48
PEARL HARBOR	15	-
PETIT MANAN	-	15
PIEDMONT	49	-
PINCKNEY ISLAND	20	-
PRIME HOOK	424	-
QUIVIRA	15	-
RED ROCK LAKES	-	5
REELFOOT	100	58
RIDGEFIELD	27	-
ROSE ATOLL	10	15
RUBY LAKE	50	61
SABINE	-	50
SACRAMENTO	-	40
*SALT PLAINS	25	85
SAN ANDRES	49	175
SAN BERNARD	5	40
SAN BERNARDINO	49	-
SAN FRANCISCO BAY	-	73
SAN LUIS	29	-
SAN PABLO BAY	20	-
SAND LAKE	12	46
SANTA ANA	25	55
SANTEE	8	-
SAVANNAH	470	223
SELAWIK	230	-
SEQUOYAH	112	10
SHERBURNE	29	30
SHIAWASSEE	34	35
STILLWATER	91	21
SWAN LAKE	17	16
TETLIN	-	15
TEWAUKON	29	-
TOGIAK	-	20
TREMPEALEAU	-	10
TULE LAKE	49	-
*UPPER MISSISSIPPI RIVER	147	45
UPPER OUACHITA	15	-
UPPER SOURIS	-	15
WAPANOCCA	-	15
WASHITA	-	185
WAUBAY	-	23
WHEELER	49	-
WHITE RIVER	8	6
WICHITA MTS. WILDLIFE REFUGE	74	62
YAZOO	-	36
YUKON DELTA	98	250
*YUKON FLATS	25	25
UNDETERMINED	96	117
TOTAL	7840	4900

Accelerated Refuge Maintenance Management (ARMM)

Question: The Accelerated Refuge Maintenance Management (ARMM) program is continued at a level of $17.2 million. Can you provide a distribution by refuge for this base program?

Answer: The following list shows the allocation, by refuge, of the Accelerated Refuge Maintenance Management (ARMM) funds in FY 1986:

REGION	ST	STATION	($000)
1	CA	KERN	39
1	CA	KLAMATH BASIN	182
1	CA	MODOC	100
1	CA	SACRAMENTO	279
1	CA	SALTON SEA	79
1	CA	SAN FRANCISCO BAY	224
1	CA	SAN LUIS	122
1	HI	HAWAIIAN ISLANDS	167
1	ID	DEER FLAT	50
1	ID	KOOTENAI	8
1	ID	S.E. IDAHO	69
1	ID	CAMAS	35
1	ID	GRAYS LAKE	48
1	ID	BEAR LAKE	25
1	ID	MINIDOKA	15
1	NV	DESERT	173
1	NV	RUBY LAKE	69
1	NV	STILLWATER	180
1	OR	MALHEUR	196
1	OR	SHELDON-HART	114
1	OR	UMATILLA	141
1	OR	WILLIAM FINLEY	139
1	WA	COLUMBIA	60
1	WA	LOWER COLUMBIA COMPLEX	242
1	WA	NISQUALLY	61
1	WA	TURNBULL	42
	Region 1 Total		2,859
2	AZ	CABEZA PRIETA	45
2	AZ	IMPERIAL	28
2	AZ	KOFA	65
2	CA	CIBOLA	68
2	CA	HAVASU	90
2	NM	BITTER LAKE	56
2	NM	BOSQUE DEL APACHE	107
2	NM	LAS VEGAS	100
2	NM	MAXWELL	62
2	NM	SAN ANDRES	8
2	NM	SEVILLETA	45
2	OK	OPTIMA	7
2	OK	SALT PLAINS	183
2	OK	SEQUOYAH	34
2	OK	TISHOMINGO	145
2	OK	WASHITA	71
2	OK	WICHITA MTNS	89
2	TX	ANAHUAC	107

REGION	ST	STATION	($000)
2	TX	ARANSAS	68
2	TX	ATTWATER PRAIRIE C.	65
2	TX	BIG BOGGY	26
2	TX	BRAZORIA	60
2	TX	BUFFALO LAKE	61
2	TX	GRULLA	8
2	TX	HAGERMAN	137
2	TX	LAGUNA ATASCOSA	94
2	TX	MCFADDIN	97
2	TX	MULESHOE	39
2	TX	RIO GRANDE VALLEY	46
2	TX	SAN BERNARD	35
2	TX	SANTA ANA	67
2	TX	TEXAS POINT	11
		Region 2 Total	2,124
3	IA	DESOTO	128
3	IA	LOUISA	178
3	IA	UNION SLOUGH	33
3	IL	BRUSSELS	4
3	IL	CHAUTAUQUA	41
3	IL	CRAB ORCHARD	159
3	IL	SAVANNA	16
3	IN	MUSCATATUCK	23
3	MI	SENEY	134
3	MI	SHIAWASSEE	54
3	MN	AGASSIZ	69
3	MN	BIG STONE	29
3	MN	DETROIT LAKES	241
3	MN	FERGUS FALLS	176
3	MN	LITCHFIELD	57
3	MN	MINNESOTA VALLEY	55
3	MN	MORRIS	98
3	MN	RICE LAKE	16
3	MN	SHERBURNE	86
3	MN	TAMARAC	70
3	MN	UPPER MISSISSIPPI	22
3	MN	WINONA	33
3	MO	CANNON	337
3	MO	MINGO	47
3	MO	SQUAW CREEK	17
3	MO	SWAN LAKE	59
3	OH	OTTAWA	20
3	WI	HORICON	102
3	WI	LACROSSE	28
3	WI	NECEDAH	49
3	WI	TREMPEALEAU	12
		Region 3 Total	2,393
4	AL	BON SECOUR	11
4	AL	CHOCTAW	17
4	AL	WHEELER	38
4	AR	BIG LAKE	24
4	AR	FELSENTHAL	91
4	AR	HOLLA BEND	26
4	AR	WAPANOCCA	22
4	AR	WHITE RIVER	185

REGION	ST	STATION	($000)
4	FL	CHASSAHOWITZKA	148
4	FL	J. N. "DING" DARLING	38
4	FL	LAKE WOODRUFF	20
4	FL	LOXAHATCHEE	68
4	FL	MERRITT ISLAND	69
4	FL	NATIONAL KEY DEER	34
4	FL	ST. MARKS	109
4	FL	ST. VINCENT	28
4	GA	OKEFENOKEE	183
4	GA	PIEDMONT	28
4	GA	SAVANNAH	188
4	LA	BOGUE CHITTO	19
4	LA	CATAHOULA	74
4	LA	D'ARBONNE	35
4	LA	DELTA	16
4	LA	EUFAULA	142
4	LA	LACASSINE	65
4	LA	SABINE	32
4	LA	TENSAS RIVER	31
4	LA	UPPER QUACHITA	9
4	MS	HILLSIDE	126
4	MS	MISS. SANDHILL CRANE	29
4	MS	NOXUBEE	273
4	MS	YAZOO	100
4	NC	ALLIGATOR RIVER	20
4	NC	MATTAMUSKEET	41
4	NC	PEA ISLAND	45
4	NC	PEE DEE	84
4	NC	PUNGO	28
4	PR	CARIBBEAN ISLANDS	50
4	SC	CAPE ROMAIN	31
4	SC	CAROLINA SANDHILLS	32
4	SC	SANTEE	28
4	TN	CROSS CREEKS	30
4	TN	HATCHIE	46
4	TN	REELFOOT	126
4	TN	TENNESSEE	141
		Region 4 Total	2,980
5	DE	BOMBAY HOOK	63
5	DE	PRIME HOOK	68
5	MA	GREAT MEADOWS	39
5	MA	PARKER RIVER	42
5	MD	BLACKWATER	409
5	MD	EASTERN NECK	28
5	MD	MARTIN	16
5	ME	MOOSEHORN	172
5	ME	RACHEL CARSON	6
5	NJ	EDWIN B. FOPSYTHE	147
5	NJ	GREAT SWAMP	107
5	NY	IROQUOIS	41
5	NY	MONTEZUMA	50
5	NY	WERTHEIM	96
5	PA	ERIE	121
5	PA	TINICUM	58
5	RI	NINIGRET	154
5	VA	BACK BAY	57

REGION	ST	STATION	($000)
5	VA	CHINCOTEAGUE	82
5	VA	GREAT DISMAL SWAMP	69
5	VA	MACKAY ISLAND	74
5	VA	MASON NECK	64
5	VA	PRESQUILE	29
5	VT	MISSISQUOI	19
		Region 5 Total	2,011
6	CO	ALAMOSA	89
6	CO	ARAPAHO	41
6	CO	BROWNS PARK	57
6	KS	FLINT HILLS	75
6	KS	KIRWIN	57
6	KS	QUIVIRA	129
6	MT	BENTON LAKE	116
6	MT	BOWDOIN	50
6	MT	CHARLES M. RUSSELL	135
6	MT	LEE METCALF	47
6	MT	MEDICINE LAKE	106
6	MT	NATIONAL BISON	154
6	MT	RED ROCK	87
6	ND	ARROWWOOD	166
6	ND	AUDUBON	80
6	ND	DES LACS	115
6	ND	DEVILS LAKE	76
6	ND	J. CLARK SALYER	61
6	ND	KULM	55
6	ND	TEWUAKON	63
6	ND	UPPER SOURIS	73
6	NE	CRESCENT LAKE	78
6	NE	FORT NIOBRARA/VALENTINE	113
6	NE	RAINWATER	49
6	SD	LACREEK	70
6	SD	LAKE ANDES	115
6	SD	MADISON	95
6	SD	SAND LAKE	45
6	SD	WAUBAY	45
6	UT	BEAR RIVER	25
6	UT	FISH SPRINGS	26
6	UT	OURAY	95
6	WY	NATIONAL ELK	63
6	WY	SEEDSKADEE	40
		Region 6 Total	2,691
7	AK	ALASKA MARITIME	380
7	AK	ALASKA PENINSULA	56
7	AK	ARCTIC	122
7	AK	BECHAROF	56
7	AK	INNOKO	86
7	AK	IZEMBEK	101
7	AK	KANUTI	57
7	AK	KENAI	169
7	AK	KODIAK	116
7	AK	KOYUKUK	86
7	AK	NOWITNA	106
7	AK	SELAWIK	56
7	AK	TETLIN	99

REGION	ST	STATION	($000)
7	AK	TOGIAK	76
7	AK	YUKON DELTA	311
7	AK	YUKON FLATS	242
		Region 7 Total	2,119
GRAND TOTAL ARMM FUNDING FY1986			17,177

Question: Where would you allocate a $5 million increase in 1986?

Answer: An additional $5,000,000 increase in ARMM in FY 1986 would be used for maintenance of wildlife habitat, facilities, equipment, and vehicles. Facilities includes water control structures, dikes, and roads as well as buildings. Equipment includes tractors, backhoes, plows, mowers pumps, and dump trucks. The increase would be allocated as follows:

REGION	ST	STATION	($000)
1	CA	KERN	14
1	CA	KLAMATH BASIN	43
1	CA	MODOC	34
1	CA	SACRAMENTO	43
1	CA	SALTON SEA	28
1	CA	SAN FRANCISCO BAY	141
1	CA	SAN LUIS	37
1	HI	HAWAIIAN ISLANDS	72
1	ID	DEER FLAT	17
1	ID	KOOTENAI	5
1	ID	S.E. IDAHO COMPLEX	33
1	NV	DESERT	30
1	NV	RUBY LAKE	76
1	NV	STILLWATER	19
1	OR	MALHEUR	35
1	OR	SHELDON-HART	40
1	OR	WESTERN OREGON COMPLEX	28
1	OR	UMATILLA	33
1	WA	COLUMBIA	21
1	WA	LOWER COLUMBIA COMPLEX	45
1	WA	NISQUALLY	21
1	WA	TURNBULL	15
		Region 1 Total	830
2	AZ	CABEZA PRIETA	27
2	AZ	IMPERIAL	26
2	CA	CIBOLA	26
2	CA	HAVASU	44
2	NM	BITTER LAKE	25
2	NM	BOSQUE DEL APACHE	66
2	OK	SALT PLAINS	32
2	OK	SEQUOYAH	36
2	OK	TISHOMINGO	48
2	OK	WASHITA	28
2	TX	ANAHUAC	49
2	TX	ARANSAS	62
2	TX	ATTWATER PRAIRIE C.	27

REGION	ST	STATION	($000)
2	TX	BIG BOGGY	7
2	TX	BRAZORIA	22
2	TX	BUFFALO LAKE	13
2	TX	HAGERMAN	22
2	TX	LAGUNA ATASCOSA	40
2	TX	MULESHOE	20
		Region 2 Total	620
3	IA	DESOTO	5
3	IN	MUSCATATUCK	30
3	MN	AGASSIZ	40
3	MN	DETROIT LAKES	50
3	MN	FERGUS FALLS	50
3	MN	LITCHFIELD	50
3	MN	MORRIS	50
3	MN	RICE LAKE	5
3	MN	UPPER MISSISSIPPI	120
3	MO	MINGO	10
3	OH	OTTAWA	66
3	WI	HORICON	129
3	WI	NECEDAH	90
		Region 3 Total	695
4	AL	EUFAULA	161
4	FL	J. N. "DING" DARLING	70
4	FL	LAKE WOODRUFF	15
4	FL	MERRITT ISLAND	70
4	FL	ST. MARKS	24
4	GA	OKEFENOKEE	68
4	GA	SAVANNAH	51
4	LA	EUFAULA	155
4	NC	MATTAMUSKEET	18
4	NC	PUNGO	50
4	PR	CARIBBEAN ISLANDS	20
4	SC	CAROLINA SANDHILLS	58
4	TN	CROSS CREEKS	19
4	TN	HATCHIE	35
4	TN	REELFOOT	33
4	TN	TENNESSEE	23
		Region 4 Total	870
5	MD	BLACKWATER	95
5	MD	MARTIN	25
5	NJ	EDWIN B. FORSYTHE	145
5	NY	IROQUOIS	228
5	VA	BACK BAY	25
5	VA	MASON NECK	25
5	VA	PRESQUILE	42
		Region 5 Total	585
6	CO	ALAMOSA	30
6	CO	ARAPAHO	20
6	CO	BROWNS PARK	25
6	KS	FLINT HILLS	20
6	KS	KIRWIN	25
6	KS	QUIVIRA	25
6	MT	BENTON LAKE	15

REGION	ST	STATION	($000)
6	MT	BOWDOIN	15
6	MT	CHARLES M. RUSSELL	70
6	MT	LEE METCALF	5
6	MT	MEDICINE LAKE	30
6	MT	NATIONAL BISON	15
6	MT	RED ROCK LAKES	20
6	ND	ARROWWOOD	50
6	ND	AUDUBON	9
6	ND	DES LACS	16
6	ND	DEVILS LAKE	40
6	ND	J. CLARK SALYER	60
6	ND	KULM	15
6	ND	TEWUAKON	7
6	ND	UPPER SOURIS	8
6	NE	CRESCENT LAKE	10
6	NE	RAINWATER	30
6	SD	LACREEK	40
6	SD	LAKE ANDES	25
6	SD	SAND LAKE	50
6	SD	WAUBAY	45
6	UT	FISH SPRINGS	15
6	UT	OURAY	25
6	WY	NATIONAL ELK	15
6	WY	SEEDSKADEE	10
		Region 6 Total	785
7	AK	ALASKA MARITIME	77
7	AK	AK PENINSULA	119
7	AK	ARCTIC	12
7	AK	BECHAROF	80
7	AK	INNOKO	45
7	AK	IZEMBEK	25
7	AK	KANUTI	33
7	AK	KODIAK	22
7	AK	KOYUKUK	18
7	AK	SELAWIK	118
7	AK	TETLIN	19
7	AK	TOGIAK	33
7	AK	YUKON DELTA	14
		Region 7 Total	615
		GRAND TOTAL PROPOSED ARMM	5,000

Administrative Expenditure Reduction

Question: Your budget request shows a 10% reduction (-$4,214,000) in administrative overhead costs. Can you provide a detailed plan and impact statement for the record?

Answer: The fiscal year 1986 budget request reflect anticipated administrative and management savings resulting from improvements begun the previous year. Many of these initiatives have been developed as a result of the work of a Departmental task force which issued a report on inter-bureau management improvement options.

Total savings of $4,214,000 and 42 full time equivalent positions are expected in the following areas:

$000/FTE

1. Contracting..$20

   - Improve efficiency by contracting some activities supporting the national wetlands inventory process, including photography intrepretation, and map making.

2. Consolidation ....$762/29 FTE

   - Intra-bureau consolidation
     Consolidate mail services and safety functions.

   - Inter-bureau consolidation
     Savings through interbureau consolidation of payment and procurement centers.

3. Improve Management of Information ....$635/ 4 FTE

   - Efficiencies obtained through the expansion of electronic transfer and storage of information.

   - Savings through intrabureau consolidations and improved efficiency in acquisition, application and management of ADP technology.

   - Because of the multiplicity of field stations, recent installation of micro-computer networks will provide rapid access to management information data.

4. Streamlining review procedures and functions...$1,478/ 9 FTE

   - Streamline regional program evaluations procedures, reduce reporting requirements for the semi-annual programmatic meetings, and expand the use of teleconferencing.

   - Increased reliance on the national level Refuge Management Information System will reduced regional level ADP costs.

   - Economies associated with conversion from manual file systems to automated ADP system. This will be achieved through the increased use of the Animal Damage Control Management Information System and the Law Enforcement Management Information System.

5. Improve Administrative Ratio $800

   - Increase organizational efficiency by establishing a minimum serviced population and servicing ratio for personnel offices.

   - Realign procurement staffing to achieve a more efficient procurement organization.

6. Deferred Administrative Expenditures...............$ 50

   - Defer purchase of ADP equipment and software and non-essential office supplies.

$000/FTE

7. FY 1986 Reductions in 2901 Categories..............$469

- Anticipate that $469 thousand of the 2901 deficit reductions taken in FY 1985 will carry forward as savings into FY 1986.

TOTAL MANAGEMENT SAVINGS............................$4,214

Maintenance Backlog

Question: Do you have a current maintenance backlog on refuges? If so, what is it and list amounts needed by project by refuge for the record.

Answer: A maintenance backlog is currently estimated for the National Wildlife Refuge System as a whole but is not broken out for individual refuge stations at this time. A recent pilot study was conducted in which 8 representative field stations (refuges, hatcheries, and a research station) were used. The results of this study provided data that was extrapolated to identify a maintenance backlog of about $120 million.

A Servicewide Maintenance Management System (MMS) is being developed and is scheduled for implementation during FY 1986. This system includes inventories of both real and personal property, a planned one-time comprehensive maintenance inspection to compare with Servicewide standards, and continuous inspections performed on an annual or "as-needed" basis. During FY 1986, additional facets of the MMS will be completed, including estimating needs, scheduling work, and accomplishment reporting. By FY 1987, we will be able to identify the maintenance backlog on a refuge-by-refuge basis.

Refuge Entrance Fees

Question: What is the Service's FY 1986 proposal on entrance fees to refuges?

Answer: The Service has not submitted a specific legislative proposal on refuge entrance fees in FY 1986. However, it does support the concept of entrance fees on selected refuges and is reviewing a number of options. A legislative proposal is being developed by the Department in consultation with OMB, the Congress, and interest groups. Current discussions within the Department are focusing mainly on removing the restrictions on Park Service entrance fees.

Loxahatchee NWR Deer Hunt

Question: What were the results of the hunt at Loxahatchee NWR, Florida?

Answer: The first deer hunt a Loxahatchee NWR was held in 1983. The deer hunt was scheduled for three consecutive weekends including the last weekend in October and the first two weekends in November. A permit was required and was issued to 600 (933 qualified applicants) hunters based on a lottery drawing. A refuge harvest quota was set at 27 deer, 10% of the estimated refuge deer population of 270.

Lawsuits were filed in opposition to the hunt on October 25, 1983, by the Humane Society of the United States and the Defenders of Wildlife. A U.S. District Court Judge in Washington, D.C., transferred the case to Florida and issued a 10-day temporary restraining order. This last minute restraining order caused cancellation of the first and second weekends of the scheduled hunt.

On November 9, Miami District Court Judge Lawrence King lifted the temporary restraining order and dismissed both suits ruling that the Secretary's decision to permit the hunt was not arbitrary or capricious. This permitted the first deer hunt to occur on Loxahatchee NWR on November 12 and 13, 1983.

Of the 200 permittees scheduled for the weekend, only 31 checked in; 22 on November 12, and 9 on November 13. Two of those holding permits were photographers and did not hunt. Of the remaining 29 actual hunters, only 13 were persistent enough to break through the heavy vegetation and make it into the hunting area. Of those individuals two were fortunate enough to get one deer each; most people did not see a deer.

The Humane Society of the United States was issued a special use permit to demonstrate against the hunt. Approximately 40 demonstrators with picket signs and several news media personnel were on hand on November 12, but most were gone by mid-morning. Two demonstrators were present for approximately one hour on November 13. In every respect, the 1983 deer hunt proceeded in an orderly manner.

Section 314 of the FY 1985 Appropriations Act, states that no funds could be used to plan for, conduct, or supervise deer hunting on the Loxahatchee NWR.

Question: Do you plan a hunt there in FY 1986?

Answer: No deer hunt was conducted in FY 1985, and none is scheduled at Loxahatchee NWR in FY 1986.

National Wildlife Refuges

Question: Of the $5 million Congress added for additional resource work on refuges last year, you have allocated $1 million to cleaning up the contaminants at Crab Orchard NWR, IL. What has been done to date?

Answer: The Service is preparing to conduct a Remedial Investigation of approximately 30 suspected sites on the refuge that contain unknown levels of contaminants. This investigation will essentially consist of sampling and evaluating the extent of the chemical contaminant problems at Crab Orchard. Following the Remedial Investigation, a Feasibility Study will be carried out which will examine closely the data collected and make specific recommendations as to how to resolve the problems at Crab Orchard. In addition to the 30 sites, Sangamo Corporation has agreed to conduct a Remedial Investigation/Feasibility Study of its Area 9 hazardous waste site. Sangamo may also conduct a Remedial

Investigation/Feasibility Study on one other site of the 30 sites on the refuge.

The Remedial Investigation portion of this Study for the non-Sangamo sites is expected to take 18 months to complete and cost an estimated $1 million. The study will be initiated upon completion of negotiations between the Department and EPA. Clean-up of all sites will begin as soon as the extent of problems have been identified, and courses of action have been recommended.

Question: What will be the schedule in FY 1985 and FY 1986 for clean-up at Crab Orchard?

Answer: It is expected that contract work will begin with sampling programs in June of this year. For the Sangamo site (Area 9), the Remedial Investigation will be conducted in FY 1985 and 1986, and the Feasibility Study will probably be completed in FY 1987. For the other sites, the Remedial Investigation will be two-phased and will be completed in FY 1986. Preliminary studies will be conducted to determine which of the remaining refuge sites pose problems. For those sites which pose hazardous waste problems detailed studies will be conducted to define the problem. The Feasibility Study for problem sites will be conducted in FY 1986 and 1987.

Question: According to your justifications (p. 38) you will evaluate the contaminant problems in 50 refuges in 1985. Can you provide us a list for the record?

Answer: We have now identified 80 waste sites, not all hazardous, on 60 refuges. We have made a preliminary evaluation of the 80 sites and have identified 33 sites as hazardous waste sites. This effort is being coordinated at the Departmental level in order to ensure consistency throughout the Department. We expect this list as well as the list of 47 waste sites that are not hazardous to be finalized within the next month. The Service will transmit the final list to you at that time.

Question: What will you do in FY 1986 to assess contaminant problems on refuge lands?

Answer: We expect to complete site inventories on the 33 sites over the FY 1985 - FY 1987 time frame. These site inventories will include sampling of soils, sediments, and biota to determine possible contaminant impacts and will also determine if further studies and/or remedial action is required.

Question: Are there any other known sites that need evaluations?

Answer: No. However, any new sites discovered will be evaluated on a preliminary basis, added to the list and inventoried for further action.

Question: How much help do you anticipate from EPA at Crab Orchard?

Answer: EPA has contributed substantial technical expertise and staff support in our present efforts at Crab Orchard. We expect this type of support to continue.

Question: Has the Service applied to the Department of Defense (DOD) for environmental clean-up funds to correct toxic waste or other problems on refuge lands that were formerly DOD lands? What has been the result of these requests?

Answer: The Service has not applied to DOD for clean-up funds. However, a total of 16 possible hazardous waste sites have been identified for review by the Corps of Engineers for DOD involvement and responsibility. Corps and Service staff will continue to work closely at the field level to identify sites where DOD is responsible and ensure that appropriate remedial actions are carried out.

Question: The refuge management appropriations account can hardly stand to pay for very many $1 and $2 million projects on refuge lands. Are there any other sources of funds available for these clean-up operations?

Answer: There are several options that the Service has to obtain funds for hazardous waste clean-up activities on refuge lands. Under the constraints imposed by the Comprehensive Environmental Response Conservation and Liability Act (CERCLA), Federal agencies do not have access to the Superfund except under emergency conditions. Even in those circumstances the Federal agency must repay the fund. In non-emergency situations, the Service must obtain its clean-up funds from the culpable party, from other Federal agencies that managed the land at the time the problem developed, or from direct appropriations.

Quarters Receipts and Expenditures

Question: Last year, we provided authorization for the Service to use rents collected on the use of Service owned quarters to be retained by the Service for maintenance and operation of rental quarters. How has that authorization affected your quarters program?

Answer: The Department has established receipt and expenditure accounts with OMB and Treasury for several bureaus including FWS. The appropriation language is consistent with the Service's present policy of restricting the use of rental receipts for quarters maintenance. The FY 1985 Interior and Related appropriation act requires that funds be utilized only at the individual unit (hatchery, refuge, etc.) where they were originally collected. The new policy will require the establishment of separate quarters accounts for each unit and more detailed monitoring of receipts and expenses. Under the new legislation, only 10% of such funds may be utilized at other field stations. The new policy may limit the Service's flexibility to provide O&M funding to critical areas where adequate rents are not available to maintain older quarters. Funds are available until expended instead of being available for one year only which will help ensure that all quarters' funds are obligated over time and not lapsed.

Question: Can you provide a list of receipts and expenditures for FY 1985 and FY 1986?

Question: Can you provide a list of receipts and expenditures for FY 1985 and FY 1986?

Answer: Actual and anticipated receipts and expenditures are as follows:

Year	Receipts	Expenditures
1984 (actual)	1,400,000	1,392,798
1985 (est)	1,500,000	1,500,000
1986 (est)	1,500,000	1,500,000

Question: Why do you not project any increase in receipts in FY 1986 over FY 1985?

Answer: We anticipate vacancies in FY 1986 will offset any rental increases. The only new quarters construction is in Alaska. This construction should be completed in FY 1985 and is reflected in the anticipated increase over FY 1984.

Question: Do you plan to use the 10% transfer authority?

Answer: Yes. Funds not to exceed 10% of total rental receipts at any location unit may be transferred to other locations for quarters operation and maintenance costs.

Increase in Funding vs. Decrease in Civil/Criminal Actions

Question: We have provided increases in each of the past three years for the law enforcement program, in an effort to increase the number of agents to 200; to provide for increased equipment purchases for the safety of our agents; and for additional port inspection work. Yet your workload table on table page 72 shows the number of civil and criminal actions decreasing each year. Why is that?

Answer: The issue of output from the Service's law enforcement effort is a subject of continuing examination. No reliable direct measures of law enforcement effectiveness have yet been developed. However, the Service has become convinced that the effectiveness of its law enforcement effort can be maximized by directing its attention away from the incidental taking of wildlife and toward investigation of illegal commercialization of the nation's wildlife resources.

Accordingly, as reflected by the decrease in the number of civil and criminal actions, the Service has shifted its enforcement resources away from numerous, smaller cases and toward investigations of major illegal commercial operations with significant impacts. The Service believes that if it increases the risk of apprehension, it will have a better chance of deterring national and international, large-scale illegal operations.

Federal Law Enforcement Training Center (FLETC)

Question: We understand that the FY 1986 budget proposal for the Federal Law Enforcement Training Center (FLETC) at Glynco, Georgia, has eliminated funds provided in prior years to pay basic training costs for Fish and Wildlife agents. Is that correct?

Answer: We understand that funds provided in prior years to pay basic training costs for Fish and Wildlife Agents at the Federal Law Enforcement Training Center (FLETC) have been eliminated from the FY 1986 budget.

Question: If so, what impact will that have on your 1986 training program at FLETC?

Answer: If the financial support currently provided by the Center for basic investigative training is eliminated, it is estimated (based on FY 1985 costs) that it would cost the Service approximately $45,000 more in FY 1986.

Question: How much did the Service spend at FLETC in 1984-1986 on basic and advanced training?

Answer: Estimates of the Service's expenditures at FLETC during FY 1984 through FY 1986 are presented below.

Law Enforcement Training	FY 1984	FY 1985	FY 1986
Agent In Service	$112,000	$125,000	$125,000
New Agent Training	5,000	15,000	15,000
Wildlife Inspector In-Service	15,000	25,000	25,000
State Conservation Officer Training	5,000	5,000	5,000
Refuge Officer Training	75,000	80,000	80,000
TOTAL	$212,000	$250,000	$250,000

Question: It seems to us that all basic training costs for agents should be budgeted by FLETC. Do you agree?

Answer: All law enforcement training should be funded through the Treasury Department. It is our understanding that the Treasury Department's budget for FLETC funding is limited, based on the premise that Treasury operates the training facility, but that each agency must pay for the training it receives. Prior to FY 1980, Treasury funded all training at FLETC. The Fish and Wildlife Service paid for travel expenses and was subsequently reimbursed by Treasury. The Service currently receives between 40% and 60% of the expenses incurred for new agent training only and must bear virtually all of the costs incurred for in-service and other forms of training.

Question: How would you recommend our handling advanced training funding?

Answer: We believe it would be appropriate for FLETC to receive adequate funding to provide basic and advanced law enforcement training. FLETC is in a unique position to fulfill training requirements of Federal law enforcement agencies, effectively monitor the expenditure of funds, and efficiently plan and control related technical functions and responsibilities (i.e., class type and size, dormitory assignments, etc.).

Increased Handling of Undercover Operations

Question: One of the trends in Service law enforcement programs in FY 1980-FY 1986 is the increased handling of undercover operations and in major commerical wildlife projects. Do you intend to continue this trend in future years?

Answer: Yes, the Service expects to continue the increased handling of undercover operations and emphasize major commerical wildlife projects. Experience has shown that one of the most effective techniques to combat large-scale illegal commercialization of wildlife is through undercover operations, i.e., investigations which are furthered through information developed by agents and/or informants who infiltrate wildlife trafficking organizations or set up store-front operations. Although such investigations are expensive, time-consuming, and dangerous, undercover operations have been quite successful.

Wildlife Port Inspections

Question: What are your plans for wildlife port inspections in FY 1986?

Answer: The Service plans to continue to fund 56 Wildlife Inspectors at designated border locations between U.S., Canada and Mexico, and special ports-of-entry throughout the country in FY 1986.

Question: Doesn't the Customs Service charge a user fee for its operations?

Answer: We understand that the Customs Service charges only for over-time inspection fees for related services.

Question: Why shouldn't the Service do likewise?

Answer: The Fish and Wildlife Service published proposed rule-making for the collection of user fees from commercial enterprises on June 18, 1984, and expects implementation during FY 1985.

Question: How many FTE's were expended in FY 1984 and how many are planned in FY 1985 and FY 1986 on port inspections?

Answers: During FY 1984, the Service expended 36 FTEs on port inspections, and plans to use 56 FTEs in both FY 1985 and FY 1986.

Question: Your justification states that the Service employes 56 inspectors (p. 75). Is that correct?

Answer: The reference to 56 Wildlife Inspectors in the Budget Justification includes last year's base of 36 inspectors and the additional 20 inspectors directed by the Congress in the FY 1985 Conference Report.

Question: It seems to us that you cannot effectively enforce the various statues governing international trade, such as the Convention on International Trade in Endangered Species of Fauna and Flora (CITES), at your current staffing level. Congress provided an additional 20 inspectors in the FY 1985 bill. Where will these be assigned?

Answer: The location of the original staff of 36 and the 20 new wildlife inspectors is shown below:

	Original Staff	Addtl 20 WI's	Total WI Staff
New York, New York	14	3	17
Atlanta, Georgia	0	1	1
Tampa, Florida	0	1	1
Puerto Rico	1	0	1
Honolulu, Hawaii	2	1	3
Seattle, Washington	1	2	3
San Francisco, California	2	2	4
Los Angeles, California	4	2	6
Dallas/Ft. Worth, Texas	3	1	4
El Paso, Texas	1	0	1
Brownsville, Texas	1	0	1
Laredo, Texas	1	0	1
Chicago, Illinois	2	2	4
Miami, Florida	3	3	6
New Orleans, Louisiana	1	2	3
	36	20	56

Question: Have they been hired and assigned yet?

Answer: The Service anticipates no problems in hiring the personnel necessary to reach the 56-inspector level. To date, we have hired 3 of the 20 additional inspectors and are involved in the recruitment/selection process for the remaining 17 positions.

Administrative Provisions

Question: You have proposed a change in the administrative provisions providing an increase from $200,000 to $400,000 for law enforcement rewards. This was raised only a few years ago. Why do need to raise this again so soon?

Answer: The $200,000 restriction in the Administrative Provisions applies to the payment, at the discretion of the Secretary for information, evidence, rewards, and miscellaneous and emergency expenses of enforcement activities. A significant amount of funds is required to effectively conduct complex covert investigations against large-scale illegal commercialization of wildlife, i.e., Operation Falcon and Operation Trophykill. In FY's 1983 and 1984, the Service expended all $200,000 authorized for payment to informants and rewards, and had additional available funds and expenditure needs. With continued emphasis on major illegal commercialization of wildlife, the current administrative provision unnecessarily restricts the Service in aggressively pursuing law enforcement investigations by limiting to $200,000 amounts paid to informants and for rewards. Projections, based on present need, are for a $400,000 ceiling in FY 1986.

During FY 1984 the Service established a Law Enforcement Payment of Rewards Account in accordance with provisions of the Lacey Act

Amendments of 1981, which provide for the payment of rewards from sums received as penalities, fines, or proceeds of forfeited property sales. Although funds provided through this account are permanent, (not requiring annual appropriations), i.e., continually available without regard to the annual appropriation level, the language contained in the Appropriations Bill (Administrative Provisions) restricts all payments for undercover/rewards expenses to the $200,000 level, without regard to source.

Question: What is the source of the funds?

Answer: There are two funding sources; annual appropriations and permanent appropriations as penalties, fines, or proceeds of forfeited property sales.

Question: Please provide a 5-year funding distribution table for actual expenditures.

Answer: The following 5-year funding distribution table reflects actual expenditures.

Acutal Expenditures

FY	Source: Appropriated Funds	Source: LE Reward Account
1980	175,000	-
1981	175,000	-
1982	175,000	-
1983	200,000	-
1984	197,500	2,500

Purchase and Use of Aircraft

Question: You are proposing to purchase 4 new aircraft in 1986. This would bring the FWS total to what number?

Answer: With the addition of 4 aircraft in 1986, the FWS total is 28.

Question: How many are assigned to law enforcement?

Anwer: Eight aircraft have been assigned to law enforcement (LE).

Question: To what programs are the others assigned?

Answer: Eight aircraft are assigned to migratory bird management (MBM) and ten have been assigned to animal damage control (ADC). In addition, one aircraft has been assigned to each of two regional offices where they may be used by all programs within each region. Many MBM and LE aircraft also support other programs such as refuges, Habitat Resources, Endangered Species and Research.

Question: Where are they located and what is the estimated FY 1986 operating cost for each?

Answer: The location of the Service's aircraft and estimated FY 1986 operating cost is included in the following table. Cost does not include acquisition, engine replacement or pilot costs.

Location	Program	Costs
Easton, MD	MBM	28,000
Easton, MD	MBM	24,000
Easton, MD	MBM	24,000
Denver, CO	MBM	21,000
Lafayette, LA	MBM	25,000
Portland, OR	MBM	20,000
Jamestown, ND	MBM	15,000
Portland, OR	MBM	21,000
Washington, NC	LE	18,000
Tallahassee, FL	LE	14,000
Providence, RI	LE	21,000
Westminister, MD	LE	15,000
FT. Worth, TX	LE	12,000
Peoria, IL	LE	12,000
Slidell, LA	LE	10,000
Tallahassee, FL	LE	32,000
Twin Cities, MN	Reg. Programs	32,000
Roswell, NM	ADC	20,000
Los Lunas, NM	ADC	20,000
FT. Stockton, TX	ADC	20,000
FT. Stockton, TX	ADC	20,000
Fallon, NV	ADC	12,000
Salt Lake City, UT	ADC	12,000
Billings, MT	ADC	16,000
Big Springs, TX	ADC	20,000
Kerrville, TX	ADC/LE	50,000
Flagstaff, AZ	ADC	16,000
Albuquerque, NM	Reg. Programs	40,000

Question: Which programs will pay these costs?

Answer: Animal Damage Control, Wildlife Management and Law Enforcement have included the cost to use aircraft in their budget.

Question: Have all aircraft acquisitions and operations been coordinated with the office of Aircraft Services?

Answer: Aircraft acquisitions are coordinated through the OAS. Certain aspects of operations are coordinated through OAS, but generally not mission flying. The OAS is aware of how the Service uses aircraft and OAS conducts aircraft and pilot checks and sets standards for operations.

Payment of Rewards

Question: Explain the operation of the permanent appropriation account of $250,000 for Payment of Rewards and how it relates to the payment of rewards program in the Administrative Provisions.

Answer: Both Lacey Act amendments of 1981 and the Sikes Act, as amended in 1982, contain provisions for payment of rewards. The Lacey Act Amendments of 1981 are much narrower in scope in that they apply only to the Endangered Species Act and the Lacey Act. Payments of rewards under the Lacey Act are from fines, penalities or forfeitures. Congress made these payments permanent budget authority with no further action from Congress needed to make expenditures under this authority. Rewards may be paid to persons providing information which leads to civil penalty assessments, arrests, criminal convictions or forfeitures of property from sums received as penalities, fines or forfeitures of property.

The Sikes Act, as amended (PL 97-396) is a much broader authority to make payment of rewards. Section 7 (k)of the Act states in part "With respect to any undercover or other enforcement operation which is necessary ... of violations of any laws administered by the United States Fish and Wildlife Service ..." This provision encompasses all authorities of the Service i.e. Bald Eagle Act, the Airborne Hunting Act, etc. Payment of rewards may be made for violations of these acts from currently available funds.

However, the Administrative Provisions of the FY 1985 Appropriations Act limit the total amount of payment of rewards, regardless of source or authority. At the present time, the Service can not exceed $200,000 for payment of rewards or for information from informants even though we have authority to do so under the Lacey Act. The Service is seeking additional flexibility in administering payment of rewards by requesting that the Administrative Provisions in the FY 1986 Budget be changed to increase the limit from $200,000 to $400,000. This increase is necessary due to the large number of extensive covert operations the Service has been conducting during recent years.

Animal Damage Control

Question: Please provide for the record the amount of money needed to offset inflation, etc. for 1986.

Answer: In order to offset increased cost of aerial contracts, ground support, and purchase of equipment, it is estimated that the Service would need an additional $450,000 in FY 1986. This estimate is calculated on an 8% increase for aircraft operations and ground support, $378,000 and $46,000 respectively, and a 6% increase in the cost of purchasing new/replacement equipment, $26,000.

ADC Research

Question: How much of the ADC research budget is for nonlethal control techniques such as guard dogs, taste aversion, etc.?

Answer: $1.5 million of the ADC research effort is devoted directly to studies on nonlethal control, not including the broader ecological and biological studies that support such approaches.

Question: Please provide for the record a list of such projects and contractors.

Answer: The Service has, or is negotiating, contracts with Hampshire College ($44,100) for research on livestock guard dog breeds, North Dakota State University ($150,000) for bird resistant varieties of sunflowers, and with Arizona State University ($93,100) for application of food aversion learning to coyote control.

In addition to the above mentioned contracts, the Service has the following projects ongoing in house: (1) Use of population models to determine factors influencing pest numbers; (2) Manipulation of habitat and/or agricultural practices to reduce pest problems; (3) Use of food aversion learning (taste aversion) to reduce bird mammal damage; (4) Use of Avitrol® to induce avoidance learning by observation; (5) Use of potential bird repellent materials such as dimethyl anthranilate and tannins in sorghum; (6) Development of hybrid plants that are resistant to bird damage; (7) Use of alarm calls for bird repellency; (8) Evaluation of ultrasonic and electromagnetic rodent repellents.

Question: What is the status of the report due to Congress on future ADC research needs?

Answer: The Service, as in the past, will continue to work with the public and universities reviewing base research activities. A report to the Committee on future research needs and likely areas for profitable research in the ADC area has been initiated and will be available by September 30, 1985.

Question: Could this be accelerated to, say, June 1, 1985?

Answer: If involvement of the public and universities is limited, the target date could be accelerated to August 1, 1985. However, the Service prefers to allow for more thorough involvement and remain with the original target date of September 30, 1985.

Question: One major issue in the ADC program is the blackbird depredation program on rice, corn, sunflowers, etc. The 1985 Senate report specified the establishment of an advisory Committee to advise the Denver Wildlife Research Center on blackbird depredation control program. Has that Committee been established?

Answer: The Service is continuing work toward establishing a Committee. To date, a list of recommended individuals has been developed who meet the 1985 Senate report's specifications for the advisory Committee. Simultaneously, the Service is examining the Federal Register rules and regulations required to establish the Committee.

Question: Has the annual report to the Committee been submitted?

Answer: The Service understands that a budget proposal was requested instead of an annual report. A blackbird research proposal was specified, and this proposal has been prepared and is being reviewed within the Service. An Executive Summary of the report was also prepared and is under review within the Service.

Question: How much research money is available for the blackbird program?

Answer: $1.3 million is available for all research on blackbird control in FY 1985.

Question: How much is being provided in FY 1984, '85, and '86 to North Dakota State University? To Crowley, LA and Stuttgart, AR?

Answer: About $125,000 total was porvided to North Dakota State University in FY 1984. Plans are to provide $150,000 per annum for FY 1985 and FY 1986. About $125,000 total was provided in FY 1984. The Service provided $210,000 to Crowley, LA, and Stuttgart, AR, for operational assistance to alleviate bird damage in FY 1984 and FY 1985. The funding level for FY 1986 is anticipated to remain the same. While not specifically directed to Crowley or Stuttgart field stations, about $82,000 has been spent on rice/blackbird research in the southeast over the past 5 years. To date, $21,000 has been spent for FY 1985.

Question: How many chemicals have been tested as potential sterilants to blackbirds?

Answer: The Service has tested about 150 potential compounds thought to possess sterilant characteristics.

Question: How many have indicated a potential effectiveness?

Answer: Eight of the 150 compounds tested indicated potential effectiveness as a bird sterilant.

Question: How many of these are potentially cancer-causing?

Answer: Of the eight which indicated potential effectiveness, one was definitely cancer-causing and seven were suspected.

Question: How many are potentially harmful to embryos?

Answer: Two were definitely harmful to embryos and six were suspected.

Question: How many are potentially harmful to genetic structure?

Answer: Two were definitely harmful to genetic structure, and six were suspected.

Question: What is the status of the Service's guard dog research projects? Please provide a funding distribution by state and project.

Answer: The only active guard dog research project of the Fish and Wildlife Service is by contract to Hampshire College. In FY 1985, Hampshire College is strengthening its programs in Oregon and Texas, and plans to make contacts in Kentucky, California and other states as requested.

Decline in Black Ducks and Alaska Nesting Geese

Question: What progress has been made in studying the decline of the black duck and the Alaska nesting geese.

Answer: Several activities have recently been initiated in an effort to alleviate the decline in black ducks. Cooperative efforts within the Service to improve the reliability of winter surveys has produced a fairly precise estimate of the Atlantic coastal wintering population. Also studies are being conducted that will provide an updated picture of Black duck population dynamics. In addition, research projects are underway to identify the proportion of mortality from different sources occurring during different periods of the fall migratory and wintering periods, an evaluation of black duck harvest and survival rate, and a comparison of historical relationships between mallards and black ducks in Service harvest surveys.

Actions taken to reduce the decline in Alaska nesting geese includes the development and implementation of the Yukon Delta Goose Management Plan that will stop hunting on cackling Canada geese and curtail spring and summer hunting of other species, establish population objectives and improve harvest surveys. Plans have also been completed and work is underway on a flyway-wide biological program to determine status and trends of populations, identify factors affecting mortality and the identification of critical breeding and staging habitats. In addition, we have taken several steps to improve cooperation with native communities, such as video programs for youngsters, brochures, posters and the establishment of information specialists in villages on the Yukon Delta.

Denver Wildlife Research Center

Question: The funding level for the Denver Wildlife Research Center is shown to be increasing from $2.3 million in FY 1984 to $2.6 million in FY 1985 to $2.8 million in FY 1986. Does this enable Denver to fully keep pace with maintenance and management needs?

Answer: Belt tightening is occurring in the following areas in order to continue higher priority work. The Center has reduced its small mammal damage control research program and is now closing its small mammal control stations at Bend, Oregon, and Olympia, Washington. Previously, the Center closed the small mammal station in Hilo, Hawaii. Other research efforts, previously represented by full-time Service scientists who studied nonlethal control of small mammals using food aversion learning, are now being contracted at reduced levels of support.

Hatchery Operations

Question: You have shifted $750,000 as a base adjustment from hatchery maintenance to hatchery operations (p. 94). In 1984, $955,000 was also transferred from maintenance to operations. Additionally, $1,100,000 was also transferred in 1984. Does this shift of $1,805,000 in two years from maintenance to operations enable the Service to meet production goals?

Answer: As the Committee is aware, we have, for several years, moved maintenance funds to operations in order to maintain established production levels throughout the hatchery system. With the funding shifts in FY 1984 and FY 1985 to which you refer, adequate operational funds are available in FY 1985 and FY 1986 to meet production goals. As stated in the FY 1986 budget justifications, the Service intends to prohibit any future diversion of maintenance funds because of the implications for long-term production capability resulting from excessive facility deterioration.

Question: By our calculations, this should leave the hatchery maintenance program almost $1 million less than FY 1984, when the Committee added $1 million for additional maintenance. Is that accurate?

Answer: In the FY 1984 budget request, the Service proposed to permanently shift $955,000 from maintenance to operations to meet anticipated fish production requirements. Congress accepted this proposal and appropriated a total of $3,253,000 for hatchery maintenance.

In FY 1985, Congress added $980,000 to the Service's request for hatchery maintenance, appropriating a total of $4,359,000. As stated in the FY 1986 Budget Justification, the Service, in order to maintain established production levels, subsequently shifted $750,000 to operations, leaving $3,609,000 available for maintenance in FY 1985.

The FY 1986 budget request proposed a total of $3,609,000 for hatchery maintenance, all of which will be used for maintenance-related activities.

The net effect of these actions is that the hatchery maintenance base has increased from the appropriated amount of $3,253,000 in FY 1984 to $3,609,000 in the FY 1986 budget request--a net increase of $356,000.

Question: How will the Service accomodate this shift in terms of maintenance needs?

Answer: We believe the requested funds will be adequate to meet essential hatchery maintenance needs in FY 1986. There is general agreement that a backlog of maintenance needs has accumulated in recent years due to the shifting of maintenance funds to operations. However, we do not have an accurate estimate of specific needs on a station-by-station basis. The Service is currently designing a maintenance management system that will provide this information based on systematic detailed surveys of the condition of all facilties relative to defined maintenance standards. A field test of the system, using selected refuges, hatcheries, and research facilities, was recently completed. The results have been analyzed, some minor revisions of the system are being incorporated, and implementation recomendations are being prepared for the Director's consideration. When fully implemented, 1-2 years will be required to conduct the detailed condition surveys on all facilities and enter the data into the computerized data base. At that time, the Service will have the capability to systematically and accurately identify and consider both the backlog and on-going maintenance needs in the budget process.

Question: Please provide a breakdown by hatchery of maintenance funding for FY 1983-86 and indicate the current backlog of maintenance needs.

Answer: As stated, we do not have an accurate estimate of the maintenance backlog at this time. A summary of the hatchery maintenance expenditures for FY 1983 and FY 1984 and planned maintenance funding allocations for FY 1985 and FY 1986 follows.

	($000)			
	FY 1983	FY 1984	FY 1985	FY 1986
Alabama				
Carbon Hill NFH	2	6	1	3
Alaska				
King Salmon	20	132		
Arizona				
Alchesay/Williams Creek NFH	36	11		
Willow Beach NFH	17	50	22	32
Arkansas				
Greers Ferry NFH	8		27	
Mammoth Springs NFH	6	6	20	
Norfork NFH	40	427	101	38
California				
Coleman NFH	127	32	74	74
Tehama Colusa Fish Facility	125	35	40	40
Colorado				
Leadville NFH	35	19	31	61
Hotchkiss NFH	24		42	3
Florida				
Welaka NFH			45	30
Panama City OFA		5		
Georgia				
Chattahoochee For NFH	1	7	12	3
Millen NFH			21	125
Warm Springs NFH		17	10	
Idaho				
Kooskia NFH	78	52	36	36
Kentucky				
Frankfort NFH			9	30
Wolf Creek NFH			6	
Louisiana				
Natchitoches NFH	41	37	15	14
Maine				
Craig Brook NFH	47	4		23
Green Lake NFH	43	27	25	50
Massachusetts				
Berkshire NFH		15	21	48
North Attleboro NFH	16		175	31
Sunderland Atlantic Sal. Sta.				15
Michigan				
Jordan River NFH	39		14	100
Pendills Creek/Hia. For. NFH	81	45	51	105
Minnesota				
RO (Fish Tagging Equipment for several hatcheries)			200	
Mississippi				
Meridian NFH	3	13	19	20
Private John Allen NFH	13		52	18

	($000)			
	FY 1983	FY 1984	FY 1985	FY 1986
Missouri				
Neosho NFH		13	77	50
Montana				
Bozeman FCDC			13	
Creston NFH			5	20
Ennis NFH			15	95
Nevada				
Lahontan NFH	24	7	40	40
Marble Bluff Fishway	9	22		
New Hampshire				
Nashua NFH	22	5	11	22
New Mexico				
Dexter NFH	38	91	37	32
Mescalero NFH	10			
North Carolina				
Edenton NFH	1	2	10	16
McKinney Lake NFH	2		18	
Pisgah Forest Hat. Biol.		11		
North Dakota				
Garrison Dam NFH	30		12	45
Valley City NFH			27	
Ohio				
Senecaville NFH			29	50
Oklahoma				
Tishomingo NFH	12	19	14	32
Oregon				
Eagle Creek NFH	32	12	24	23
Warm Springs NFH		5	40	40
Pennsylvania				
Allegheny NFH	32	18	20	30
Lamar FCDC & NFH	91	7		10
South Carolina				
Orangeburg/Bears Bluff NFH	6	4	73	6
Walhalla NFH		6	9	3
South Dakota				
Gavins Point NFH	4	13	8	29
Tennessee				
Dale Hollow NFH		1		30
Erwin NFH	2		14	
Texas				
Inks Dam NFH		28	7	32
San Marcos FCDC	37	3	50	32
Uvalde NFH	10	5	62	32
Utah				
Jones Hole NFH		30	51	92
Vermont				
Pittsford NFH	3		2	8
White River NFH		11	48	15
Virginia				
Harrison Lake NFH		2	19	4
Washington				
Abernathy SCDC	14	15	20	20
Carson NFH			20	20
Entiat NFH		7	28	28
Leavenworth NFH	61		86	86
Little White Salmon/Willard NFH	25	102	40	40

	($000) FY 1983	FY 1984	FY 1985	FY 1986
Washington—Continued				
Little White Salmon Diagnostic Lab			5	5
Makah NFH			50	50
Quilcene NFH	18	13	46	47
Winthrop NFH	61	20	51	51
Yakima Fish Screens	39	8		
West Virginia				
Bowden NFH	26	4	18	5
White Sulphur Springs NFH	15	13		28
Wisconsin				
Genoa NFH, WI		22	12	73
Iron River NFH, WI	58	50	65	140
Wyoming				
Jackson NFH	25	58	65	15
Saratoga NFH			4	12
Beulah FCDC		32	25	
Engineering services for hatchery O & M activities.	811	768	960	960
Fish production operations and facility closure costs.	1,888	1,106	750	
Contract for energy-use surveys on numerous fish hatcheries.			88	
Held in Washington office for potential unemployment compensation costs and unplanned maintenance contingencies.			222	342
Appropriated/requested amount.	$4,208	$3,473*	$4,359	$3,609

* In FY 1984, Congress provided $237,000 to continue FWS operation of the Pisgah Forest NFH until transfer of operations to the State of North Carolina could be completed. The transfer was completed in October, 1983; only $17,000 in operations costs were incurred prior to the transfer. The balance of $220,000 was allocated for maintenance at a number hatcheries throughout the hatchery system and is included in this total.

Norfork National Fish Hatchery

Question: We have had some complaints that the Service is reducing the funding for the Norfork NFH, Arkansas in 1986. What is the base operations funding for FY 1984, '85, and '86?

Answer: Base operational funding for Norfork is as follows:

FY 1984 Actual Expenditures:	$445,000
FY 1985 Planned Funding:	$423,000
FY 1986 Planned Funding:	$421,000

Question: Is there a reduction planned in maintenance in FY 1986?

Answer: Yes. Because the major maintenance needs at Norfork have been addressed in FY 1984 and FY 1985, the maintenance needs in FY 1986 are substantially reduced. Maintenance funding at Norfork over the three years is as follows:

FY 1984 Actual Expenditures:	$427,000
FY 1985 Planned Funding:	$101,000 *
FY 1986 Planned Funding:	$ 38,000

* An additonal $79,000 from several completed construction projects is also being made available in FY 1985 to rehabilitate the water aeration system.

Question: Please provide a detailed status report for the record.

Answer: A summary and explanation of total O & M funding at Norfork follows:

	FY 1984 Expenditures	FY 1985 Planned	FY 1986 Planned
OPERATIONS	445,000	423,000	421,000
MAINTENANCE	427,000	101,000	38,000
YCC	27,000	0	0
	899,000	524,000	459,000

OPERATIONS: The $22,000 reduction in FY 1985 is a result of the 2% general reduction imposed by Congress in FY 1985 and savings anticipated by Congress in directing the Service to use closed-formula (commercial) fish feed. The $2,000 reduction in FY 1986 reflects the proposed 5% reduction in the Federal salary scale.

MAINTENANCE: FY 1984 expenditures were approximately $367,000 for repairing a major break in the main hatchery water supply line; $40,000 for rehabilitating the electrical wiring system; and $20,000 for reroofing the hatchery buidlings.

FY 1985 planned projects include $56,000 for resurfacing of roadways; $13,000 for replacement of a tractor; $20,000 for rehabilitation/replacement of fish pumps; and $12,000 for a number of miscellaneous, small maintenance projects. In addition, $79,000 is being made available for rehabilitation of the water supply aeration system by reprogramming remaining construction funds from three completed projects ($15,000 from a multi-level water intake at Norfork NFH; $31,000 from feed storage bins at Wolf Creek NFH, Kentucky; and $33,000 from a water intake system at Wolf Creek NFH). This internal reprogramming will be reported in the Service's quarterly report of reprogramming actions to the Subcommittees.
FY 1986 planned projects include $38,000 for rehab of the bulk fish food storage bins.

YCC: No YCC program is scheduled for Norfork NFH in FY 1985 because there are no maintenance or other projects scheduled at Norfork that could be accomplished by YCC enrollees. No funding is requested in the President's Budget for YCC in FY 1986.

Alaska Construction - Joint Facilities With the National Park Service

Question: The Committee has added over $15 million in the past few years for construction of necessary facilities in Alaska. In conjunction with those increases, the Committee has also asked the Service to work with the National Park Service to determine if co-location of facilities is feasible and desirable. Has the Service done so?

Answer: Yes, the Service, in cooperation with the National Park Service has worked to identify opportunities for shared facilities.

Question: Where is the report due the Committee?

Answer: The status report is being completed by the Service and will be transmitted to the Department for review. It will be forwarded to the Committee as soon as that review is completed.

Construction

Question: A number of projects included in your FY 1986 program are small enough that they could have been budgeted as maintenance. Why have they been proposed as construction items?

Answer: We have included these projects under the Construction Appropriation because specific project requirements preclude the use of maintenance funds. The Patuxent fire-protection improvement project, although requiring only $75,000, is included in the construction request because it involves relatively complex engineering requirements. Other projects such as the Cape Romain NWR boat docks and the Coleman NFH fish barrier dam, although scheduled for completion within the fiscal year, are requested under construction because of the amount of funding required. Funding these projects under the refuge and hatchery maintenance accounts would probably require deferral of a number of needed maintenance projects at other locations.

Question: Please provide for the record the status of all projects funded but not yet complete, with a narrative if necessary and a current schedule of obligations. Include in this list such projects as Lamar, Hagerman, the east coast assessment of anadromous fish needs, etc.

Answer: The Service carried-over from FY 1984 to FY 1985 approximately $30.6 million in construction funding, and currently has a number of projects appropriated in FY 1985 and prior years in various stages of completion. The number of on-going construction projects and the carry-over are more than would normally be expected because work on numerous construction projects was temporarily delayed because the Service had to direct its engineering capability to completing the $20 million Jobs Bill Program before the end of FY 1984. The Service will provide to the Committee by May 15, 1985, a status report of all on-going construction by project that will itemize the funds appropriated, the obligations to date and the balance available, summary of work completed and remaining to be done, and the anticipated completion date.

Question: We have also approved 1 million dollars each of the last two years for an advance planning effort for the Service. This effort resulted, in part, from our concerns about the wide variance between construction cost estimates and the actual cost incurred in project construction. We were hopeful that by developing a planning capability in the construction account, we would have a better managed program. Have our hopes and expectations been realized in fact?

Answer: We believe the Advance Planning program is developing effectively. Funds for the program were first appropriated in November, 1984, and, consequently, have been available for actual engineering work for less than 18 months. Also, the Service's engineering capability was concentrated on completion of the $20 million Jobs Bill Program in FY 1984. Since the purpose and intent of advance planning is to provide engineering input into project planning prior to actual budgeting, the FY 1987 budget will, for the most part, be the first that will include projects for which advance planning funds were available.

Question: Please provide a list of the projects planned in FY 1984 and FY 1985 and a list of proposed projects in FY 1986.

Answer: Following are lists of projects for which advance planning funds were allocated in FY 1984 and FY 1985. Specific advanced planning projects for FY 1986 will be determined as part of the Service's annual work planning process for FY 1986 which begins in May, 1985. Since the advance planning process is based on a three-year projection of needs, we delay identification of specific projects to the latest possible time to enhance the validity of projected needs and the probability that specific projects will ultimately be included in the budget request.

FISH AND WILDLIFE SERVICE
Advance Planning by Region-FY 1984

Station: Project	Allocation ($000)
Region 1	
Coleman NFH: Pollution abatment	15.0
Leavenworth NFH: Pollution abatment	15.0
Winthrop NFH: Pollution abatment	15.0
Lahontan NFH: Pollution abatment	15.0
Coleman NFH: Repair barrier dam	22.0
San Pablo NWR: Marsh restoration	29.0
San Francisco Bay NWR: Dike and pond rehab.	11.0
Turnbull NWR: Hydro-electric System	13.0
Grays Lake NWR: Rehab marsh	9.0
Ruby Lake NWR: Hydro-electric facility	6.0
Little White Salmon NFH: Rehab 33 ponds	26.0
Subtotal	176.0

Station: Project	Allocation
Region 2	
Bitter Lake NWR: Pipeline/canal and river X-ing	31.0
San Marcos NFH: Effluent control system	31.0
Anahuac NWR: Headquarters complex	17.0
Att. Pr. Chix NWR: Admin/visitor facility	8.0
Subtotal	87.0
Region 3	
Trempealeau NWR: Main dike rehab	6.0
Fergus Falls WMD: Water Control structures	4.0
Horicon NWR: Main pool control structures	70.0
Chautauqua NWR: Water control and dike improvement	9.0
Jordan River NFH: Broodstock raceways	10.0
Swan Lake NWR: Dam Safety	4.0
Subtotal	103.0
Region 4	
Bears Bluff NFH: Rehab of all facilities	50.0
Felsenthal NWR: Headquarters development	20.0
White River NWR: Office/Visitor Contact Station	15.0
White River NWR: Road rehab	10.0
Lower Suwannee NWR: Field work ctr.	10.0
Loxahatchee NWR: Equipment bldg	5.0
Merritt Island NWR: Repave Black-Point Rd.	5.0
National Key Deer Refuge: Boat House	5.0
National Key Deer Refuge: Office/Visitor Station	10.0
Subtotal	130.0
Region 5	
Moosehorn NWR: Rehab dike and WCS	50.0
North Attleboro NFH: Raceway replacement	55.0
Great Dismal Swamp NWR: Rehab Bridges	50.0
Subtotal	155.0
Region 6	
Hotchkiss NFH: Chipeta unit relocation	43.0
National Elk Refuge: Interpretive/visitor Center	40.0
Benton Lake NWR: Outlet study	10.0
Audubon NWR: Lake Nettie H_2O maintenance	10.0
Subtotal	103.0
Region 7	
Arctic NWR: Bunkhouse	7.0
Innoko NWR: Residence	5.0
Alaska Peninsula NWR: 4 Residences	10.0
Yukon Delta NWR: 6 Residences	18.0
Selawik NWR: Bunkhouse	4.0
Becharof NWR: Reconstruct wharf	2.0
Koyukuk/Nowitna NWR: Bunkhouse	5.0
Kanuti NWR: Office and Bunkhouse	5.0
Subtotal	56.0

Station: Project		Allocation
Research		
Patuxent WRC: Visitor contact Center		30.0
Hagerman Field Station: Reconstruct wet lab		18.0
Seattle NFL: New laboratory		45.0
	Subtotal	93.0
	TOTAL	903.0

FISH AND WILDLIFE SERVICE
Advance Planning by Region-FY 1985

Station: Project		Allocation
Region 1		
James Campbell NWR: Maintenance of Bldgs & Habitat		7.8
Delevan NWR: West Side Canal Rehabilitation		20.0
Quilcene NFH: Dual Purpose Holding Pond		53.0
Nisqually NWR: Dike Rehabilitation		17.6
Carson NFH: Replace Water Intake Supply		19.6
Quilcene NFH: Electric Fish Barrier		4.9
Huleia NWR: Habitat development		12.8
Makah NFH: Production water supply study		39.7
	Subtotal	175.4
Region 2		
Bosque del Apache NWR: Irrigation Supply/Drain		58.8
Dexter NFH: Administrative/Storage Building		24.5
	Subtotal	83.3
Region 3		
Necedah NWR: Dam Safety		44.1
Iron River NFH: Schacte Creek/Phase 1		29.4
Seney NWR: Office Rehabilitation		78.4
Jordan River NFH: Broodstock Pond and Effluent system		29.4
	Subtotal	181.3
Region 4		
Panther Swamp NWR: Bridge Rehabilitation		4.9
Orangeburg NFH: Pond Renovation		29.4
Savannah NWR: Field Headquarters/Admin. & Maint.		19.6
Tennessee NWR: Headquarters & Maintenance Facilities		19.6
Cape Romain NWR: Maintenance & Sanitary Facilities		14.7
St. Vincent NWR: Headquarters Facility		9.8
	Subtotal	98.0

Station: Project	Allocation
Region 5	
North Attleboro NFH: Greenwood Dam Safety/Phase II	49.0
Craig Brook NFH: Station Rehabilitation	53.9
Missisquoi NWR: Replace hdqtrs/maint facility	9.8
Parker Rv. NWR: Replace admin/maint. complex	19.6
Subtotal	132.3
Region 6	
National Elk NWR: Interpretive Visitor Center/HQ	40.2
Red Rock Lakes NWR: Dam Safety Modifications	29.4
Charles M. Russell NWR: Dam Safety Modifications	14.7
J. Clark Salyer NWR: Headquarters Renovation	29.4
R-6 Hatcheries: Alternative Energy Studies	49.0
Ennis NFH: Cooling Ponds	19.6
Subtotal	182.3
Region 7	
Selawik NWR: Headquarters Complex/Storage Facility	44.1
Subtotal	44.1
Research	
Patuxent WRC: LE Secure Storage Facility	29.4
Patuxent WRC: Endangered Species Vet Hospital	44.1
LaCrosse NFRL: Storage Building	9.8
Subtotal	83.3
TOTAL	980.0

Question: Will each of the projects that have been planned or proposed be proposed for funding in the construction account in subsequent years?

Answer: All projects subjected to advance planning may not necessarily be proposed for construction funding in subsequent years. Advance planning funds are allocated on the basis of probable needs projected 3-4 years in advance. Although a specific project may be given relatively high priority 3-4 years in advance, numerous unforeseen considerations can arise that alter priorities and result in the project not being proposed for actual construction funding.

Question: Will every project proposed for construction have had planning work?

Answer: Specific construction needs will undoubtedly arise from time to time that will not be foreseen under a 3-4 year advance planning projection. Therefore, it is likely that there will always be certain construction projects that will not have the benefit of advance planning prior to their being budgeted. However, after the Service's advance planning process has been fully implemented and functions for 3-4 years, we believe that most construction projects proposed in future budgets will have had the benefit of advance planning.

Question: What is the linkage between construction proposals and advanced planning?

Answer: Advance planning is intended to provide basic feasibility and conceptual acceptability before a project is proposed in the budget. It does not entail detailed construction design. The subsequent cost of detailed engineering construction design is included in the estimated cost of the project when it is proposed in the budget.

Question: Are any non-construction funded projects to be developed through advanced planning dollars, that is, will you use advance planning dollars to plan maintenance projects?

Answer: When a project is advance planned and its concept and feasibility affirmed, the Service may well determine that it can be completed with Resource Management maintenance funds. If that were the case, and the project were of sufficiently high priority, maintenance funds could conceivably be applied in completing it.

Question: Several of your 1986 construction projects have planning and design funding included in the cost estimates. Why aren't these funded with advance planning funds?

Answer: This requested funding is for detailed engineering construction design--that is, preparation of detailed blueprints necessary for issuing an invitation for bid and issuing a contract for actual construction. As indicated, the intent of advance planning is to assure project concept and feasibility and develop cost estimates prior to proposing its actual construction, not to develop the detailed construction design.

Question: Your FY 1986 construction request is for $5.6 million. Is it likely that future construction requests will be in the 5 to 10 million dollar range? If so, is $1 million for advance planning too much?

Answer: In light of the critical need to reduce the Federal budget deficit, it is unlikely that the Service's construction request will be greatly increased in the immediate future. However, the advance planning activity was only initiated in FY 1984 and the initial benefits will not occur at least until the FY 1987 budget is formulated. We believe the advance planning program should be retained at the present level of funding until FY 1989, when its effectiveness can be fairly evaluated in terms of actual benefits.

Question: Have any advance planning funds been expended on Lamar; Nisqually; the east coast anadromous fish facility; Cape Charles NWR and training center?

Answer: No advance planning funds have been allocated to these projects. Funds for Lamar NFH, the East Coast anadromous fish facility, and Cape Charles NWR were provided by the Congress in FY 1985. Necessary planning work is being performed with these funds. All work relating to the Nisqually hatchery is being carried out with planning and design funds appropriated in FY 1981.

Refuge Construction

Question: Were funds considered for a new visitor contact station at Patuxent?

Answer: A visitor center at Patuxent has been identified as a possible construction project in the Service's annually updated Construction Rehabilitation, Maintenance System five year planning process. It was not of high enough priority to consider requesting funds in FY 1986.

Question: How did the Service compare that request to the new administrative complex at Great Dismal Swamp NWR?

Answer: The administrative complex at Great Dismal Swamp ranked as a much higher Service priority than the Patuxent project because of the health and safety problems associated with it. Safety hazards of the original facility included limited egress, inadequate smoke and fire barriers, and improper and unsafe storage areas for hazardous and flammable materials. The situation was so severe that the lease was terminated and the administrative functions are being temporarily housed in mobile trailers. The Service ranks projects involving health and safety as its highest priority.

Question: Why is the rehabilitation of a boat dock at Cape Romain NWR a priority project to be funded this year?

Answer: The Cape Romain docking facility ranked as a high Service priority because of the health and safety problems associated with the existing facility. The present structure is potentially hazardous due to large cracks in the concrete cap and the deteriorated condition of the floating docks, rails, and pilings. The Service requests funding for health and safety projects before any other.

Question: Is there a concessioner interest in the project?

Answer: Currently, there is a concessioner providing ferry service to and from the island. The existing facility serves only the concessioner and Service personnel. The proposed project would prevent deterioration of the facility to an unsafe condition, provide for the continued use by the concessioner and the Service personnel, and provide for limited use by the public with privately owned boats.

Question: What facility is threatened by the loss of the dock?

Answer: The only facility threatened by the deterioration of the dock is the dock itself. Presently, there are no other physical facilities on the Bulls Island unit of the Cape Romain National Wildlife Refuge that would be impaired by the loss of the dock; however, the availability of the docking facility to Service personnel is essential to the management of the refuge and its resources.

Des Plaines Project

Question: In FY 1985, Congress added $525,000 for the Des Plaines Wetlands Study. Will all of that be obligated?

Answer: Yes all of the $525,000 will be obligated in FY 1985. A $475,000 grant will be provided to Wetlands Research Inc. (WRI), a non-profit organization. Fifty thousand dollars will be retained by the Service to initiate and implement the grant and to prepare a Habitat Evaluation Procedures (HEP) analysis of the project prior to its initiation.

Question: Please list the activities to be accomplished.

Answer: The Des Plaines Wetlands Study will be initiated in FY 1985 and will consist of three parts: base line survey, engineering design, and research planning. Five products will result from the study: Base Line Survey Report, Design Report, Research Plan Report, Management Plan Report, and the Service's Pre-Project HEP Analysis.

Question: The FY 1986 proposal is to cut this project by $280,000 from $525,000 to $245,000. What will the $245,000 be used for?

Answer: Wetlands Research Inc. objectives for FY 1986 are to complete:

- design workshop
- construction drawings and specifications
- construction plan and cost estimates
- design report
- survey report
- research plan report
- management plan report

Using FY 1986 base funds, the Service will:

- evaluate the value of urban wetland habitat restoration,
- evaluate the compatability of the project with the Service's Mitigation Policy, and
- conduct a follow-up HEP study.

Question: Does the Service anticipate adding valuable information to the overall wetland data base with this $245,000, information that will be transferable to other wetland management situations.

Answer: Yes, this study will provide valuable information on urban wetland habitat restoration that will be useful in other wetland management situations.

Question: How long will this project take? Please provide a long range budget estimate for this project.

Answer: This is a 5-year project with an estimated total cost of $8,000,000. Beginning in 1987 the project will be conducted entirely with State and local funds.

Wetland Habitat Mapping and LANDSAT

Question: How much usage is the Service making of NASA's LANDSAT imagery?

Answer: The Service has a small cooperative effort with NASA and the National Marine Fisheries Service using the "old" LANDSAT system to monitor wetlands changes in the active Mississippi Delta. This project will be completed in FY 1985. The Service is not, however, currently making use of NASA's LANDSAT imagery in the National Wetlands Inventory (NWI) program. Cooperative efforts in 1978-1979 between the Fish and Wildlife Service, the Geological Survey and NASA's Jet Propulsion Laboratory in testing the LANDSAT multispectural scanner data showed that the system could not produce wetland maps of the detail required by the National Wetlands Inventory.

Question: Will we be increasing the effort in 1985 or 1986?

Answer: The latest generation of satellites, or future satellites, may eventually provide sufficient resolution and accuracy to meet NWI's requirements. Preliminary results of LANDSAT - 5 imagery showed improvements in spectral and spatial resolution over previous LANDSAT satellites. At this time, however, LANDSAT - 5's thematic mapper is producing a limited amount of data for research studies only and is not ready for a large-scale operational effort such as the National Wetlands Inventory. LANDSAT - 5 must be tested in different parts of the country to assess its effectiveness at mapping wetlands which vary regionally. NWI and the Service's National Coastal Ecosystem Team in Slidell, La. are coordinating on the experimental application of LANDSAT - 5 imagery for wetlands mapping, such as Ducks Unlimited's wetlands inventory feasibility study. Within 2-5 years, the results of regional pilot projects should demonstrate whether or not LANDSAT - 5 imagery can be used to map accurately wetlands in all parts of the country. Thus, we will not be using this technology for NWI in 1985 or 1986.

Question: Would it be beneficial to the wildlife resource to do so?

Answer: It would not be beneficial to the wildlife resource to use LANDSAT imagery at this point, since its suitability for wetland mapping is, as of yet, unproven. Should this technology eventually be shown to be suitable for NWI use, however, it could benefit the resource by making map production more cost-efficient and more readily available. Thus, changes in wetland habitat could be more readily revealed.

A Separate National Wildlife Refuge System Appropriation Account

Question: Last year, the Committee requested, as a drafting service, the Service to submit language establishing a separate NWR appropriation account. Has that been developed as of yet? Please submit for the record.

Answer: The draft language has been developed and is as follows:

Operation of the National Wildlife Refuge System

For expenses necessary for the management, operation, and maintenance of areas and facilities administered by the Fish and Wildlife Service as units of the National Wildlife Refuge System (including, but not not limited to, scientific and economic studies, conservation, investigations, protection, and utilization of sport fishery and wildlife resources, except whales, seals, and sea lions, and the performance of other authorized functions related to such resources); for the general administration tion of the National Wildlife Refuge System; and for maintenance of the herd of long-horned cattle on the Wichita Mountain Wildlife Refuge, $98,853,000.

Cape Charles National Wildlife Refuge

Question: Please provide a status report on planning and acquisition for the Cape Charles NWR?

Answer: The proposed 1,400-acre includes the former Cape Charles Air Force Station, the Chesapeake Bay Bridge-Tunnel and Wise Point properties plus other adjacent lands. Parcels of high quality wildlife habitat owned by Northampton County, the State of Virginia and private landowners are located within the proposed boundaries but are not being considered for acquisition at this time. These tracts are expected to remain as wildlife habitat and could be managed in conjunction with the refuge through protective agreements. The Service could acquire them later if the landowners wish to sell. Thus far, only the Cape Charles Air Force Station tract has been acquired by the Service. The FY 1986 budget includes a three year moritorium on new land acquisition; consequently no additional new acquisition for the refuge is scheduled at this time.

Question: When does the Service anticipate completion of their plannning for a training center?

Answer: A Fish and Wildlife Service national planning team has drafted a concept plan for the national wildlife refuge and training center. This draft plan has been completed at a cost of approximately $20,000. The Northampton County Commissioners have been briefed on the general contents of this draft plan. In addition, the Service is conducting a benefit/cost analysis of the proposal outlined in the draft plan.

Question: The committee would appreciate having the opportunity to review completed plans for the center before it begins significant construction or rehabilitation work for that purpose. What will the $210,000 included in the FY 1985 plan for a training center be used for?

Answer: For FY 1985 Congress appropriated $392,000 for Cape Charles NWR, of which $210,000 is being used for planning and facilities rehabilitation and conversion related to the potential development of a training center. The rehabilitated facilities will serve both the potential training center and the refuge. The $210,000 consists of:

Planning	$100,000
Sewerage, water and electrical systems rehabilitation	60,000
Building rehabilitation and conversion	50,000
Total	$210,000

Land Acquisition

Question: Please provide a status report on Land and Water Conservation Fund obligations to date.

Answer: The Fish and Wildlife Service has $102.3 million available for land acquisition in FY 1985; $63.2 million of new authority and $39.1 million of carryover monies. Through February 28, 1985, $33.5 million has been obligated.

Question: Have you had any recent land exchanges in Alaska or are any proposed for the near future?

Answer: An exchange on Alaska Maritime National Wildlife Refuge is proposed. It involves the divestiture of subsurface rights on 195 acres in exchange for 383 acres of surface rights. In accordance with the FY 1985 Conference Report language, this exchange proposal will soon be forwarded to the authorizing committees of the Fish and Wildlife Service for their consideration.

Question: What was the Service's proposal for FY 1986, by project?

Answer: The Fish and Wildlife Service's budget proposal for FY 1986 is $1.5 million. There is no new land acquisition proposed. The Service's program for FY 1986 will be the acquisition of refuge areas with an estimated $10.13 million (page FWS-190 of the Budget Justification) of FY 1985 carryover. The $1.5 million requested for FY 1986 is for acquisition management.

Question: What happened to the FY 1985 proposal for state wetland grants?

Answer: The size and impact of the Federal deficit requires us to make hard choices among many worthwhile programs throughout the Federal government. With respect to wetlands, we face the need to balance this important program with other programs vital to the Nation's well-being. We have concluded that fiscal conditions preclude the use of Federal grants for wetlands conservation programs at this time.

Western Hemisphere Convention

Question: How much are you spending on the Western Hemisphere Convention?

Answer: The Service will be spending a total of $391,900 in support of the Western Hemisphere Convention during FY 1985. Of that total, $150,000 was added by the Congress and $241,900 is base funding from the Resource Management Program for cooperative work in Mexico.

Question: What types of projects are being proposed?

Answer: Projects funded with $150,000 added by the Congress include:

- Spanish language workshops on both refuge and migratory bird management.
- Central American workshops on environmental education.
- Training-research on effects of forest fragmentation on migratory birds.
- A regional graduate level program in wildlife management for Central America.
- Bird banding and forest (Chaco) management workshops in South America.
- Critical wetland habitats study in Latin America.
- Development of a wetlands conservation plan for Latin America.
- A meeting of Central America wildlife agency directors to identify critical regional needs.
- Publication of a Spanish language edition of the "Wildlife Management Techniques Manual".
- Publication of a Spanish language newsletter on Hemisphere-wide projects and Convention related events.
- Publication of an updated compilation of Latin America wildlife laws.
- Development of a recovery program for the giant grebe in Guatemala.
- A floral and faunal inventory for Paraguay.
- A raptor trends survey.
- Studies of endemic plant distribution in Latin America.

Projects funded/proposed with the $241,900 base include:

- Status surveys of the following Mexican endangered species:
  - Mexican wolf
  - masked bobwhite quail
  - sonoran pronghorn antelope
  - peregrine falcon
  - endangered fish
  - crocodile
  - caymen
  - manatee
- Waterfowl surveys in Mexico
- Hunter survey on black brant
- Cooperative bird banding
- Establishment of wildlife research laboratories in Mexico
- Coyote-wildlife relationships
- Carnivore-livestock realtionships
- Baseline data on coyote on Tiburon Island
- DDT contamination in Ospreys

Question: Please provide an overall strategy statement and project list for the next few years, assuming level funding.

Answer: An overall strategy is being developed in connection with analysis of data for the Service's report to the Congress on the Western Hemisphere Convention which is due by September 30, 1985. This strategy will take into account Congressional guidance provided for Convention implementation in the 1982 Endangered Species Act reauthorization. Preliminary indications are that this strategy will be based on the need to strengthen the effectiveness and staff skills of Latin American wildlife agencies, and on training and education at the managerial, protected area, and warden levels. The need for more international and regional projects rather than projects restricted to a single country is also being considered.

Question: Please describe FWS and NPS cooperation in this program?

Answer: In FY 1983 and 1984, joint planning by FWS and NPS identified a number of training projects in the Caribbean, and in Central and South America on park planning and park interpretation. Funds were provided to the NPS from the FWS with the NPS being responsible for project management. In FY 1985, the NPS Hemisphere Programs Coordinator position became vacant. The vacancy will be filled within the next several months but has limited NPS participation in Western Convention activities. At the present time no NPS projects have been funded from additional funds provided in FY 1985.

Question: Do other USDI agencies spend money in support of the convention?

Answer: Only two USDI agencies, the FWS and the NPS, are involved in implementation of Western Convention activities. Funding for both agencies was provided by additional funds provided in FY 1985.

Special Foreign Currency

Question: What is the status of projects being funded under the special foreign currency initiative? Please provide a list of them for the record.

Answer: Projects funded with foreign currencies are moving ahead in three countries. In Egypt, remaining holdings of $290,000 in foreign currency equivalents are being used to assist in development of management plans. Planning teams and long-term, onsite, assistance have been scheduled for FY 1985. In India, the U.S.-Indian Joint Subcommittee for Science and Technology, which meets in April, will provide both parties the opportunity to execute preplanned agreements for research, management, and training projects. These projects will focus on the establishment of the Wildlife Institute of India, its curricula, research program, staff development, and will be funded with $1,660,000 in foreign currencies. In Pakistan, project negotiations were initiated in late 1984 and renewed in February 1985. These projects, funded with $300,000 in foreign currencies will concentrate on public awareness, training and education, and endangered species research and management. A limited amount of training will take place in the U.S. for specialists from all three countries and will be funded by private sector contributions and cooperators. A project list follows:

EGYPT

1. Ras Mohamed Protected Area--provide specialists to assist in preparation of management plans and long-term, on-site, assistance to Egyptian managers ($175,000).

2. Gabel Elba Protected Area--provide specialists to assist in preparation of management plans and long-term, on-site, assistance to Egyptian managers ($115,000).

PAKISTAN

1. Zoological/Botanical Park--assistance to Government of Pakistan in establishing plan ($25,000).

2. Endangered Species-Management--assistance and management techniques for houbara bustard, Siberian crane, marine turtles, markhor, etc. ($75,000).

3. Training Program--assistance in development of curriculum for Pak Forest Institute, management and research techniques.

4. Monitor Lizard Survey--investigation of status and habitat needs ($15,000).

5. Grants Program--foster U.S. and Pakistani collaboration on endangered species research and wetlands ($75,000).

6. Conservation Education Program--Pakistan governmental and non-governmental efforts to develop strategies and materials for educating local populations on conservation and management ($35,000).

7. Embassy Support--support of staff work, administration and miscellaneous services ($5,000).

8. Miscellaneous--project development--travel to conferences, meetings, project support and publications ($20,000).

INDIA

1. Establishment of Wildlife Institute--assistance to Institute in environmental education curriculum and research and management curriculi and training of personnel ($600,000).

2. Establishment of Wetlands Research Station--planning, support of researchers and some equipment ($225,000).

3. Hydrobiological Station Research Project--extension of existing contract with Bombay Natural History Society (BNHS). Collecting base-line data on ecolsogical system and determining impacts both biological and man-induced, on same ($204,000).

4. Avifauna Survey--extension of existing contract with BNHS. Studying migratory movement patterns and distribution of Indian avifauna ($216,000).

5. Grant Program--foster U.S. and Indian collaboration working on endangered species research ($175,000).

6. Wildlife Film Series--produce films and technicians for making films on wildlife and conservation ($75,000).

7. Embassy Administration--staff support (administration and miscellaneous services ($10,000).

8. Miscellaneous--project development--travel to conferences, project support and publications as well as an interpretive plan for Khana National Park--a NPS project to develop an interpretive center and program for the park ($155,000).

Question: Also, describe the cooperation with the NPS under this program.

Answer: Although each agency seeks separate funding, project planning takes place cooperatively prior to the negotiation of agreements with foreign counterparts. Both agencies coordinate their positions at Joint Committee meetings where overall program direction receives its approval. Representatives of each Service have participated on each other's projects.

Gainesville National Fishery Research Laboratory

Question: Has the Gainesville research facility been fully staffed yet?

Answer: The Gainesville laboratory has not yet been fully staffed. At this time the laboratory building and associated research ponds and other facilities are still under construction. The main laboratory building will be completed and available for occupancy in early summer 1985; construction of the experimental ponds and related facilties will, under current plans, be completed in early 1987. Additional staff will be provided as the facilities are completed and the research program is developed and implemented, although final staffing levels have not been precisely determined at this time. The Service intends to reassign to the Gainesville laboratory several personnel presently involved in the FWS/NPS Florida Bay fishery research project upon completion of that project in late 1985.

Question: What is the current funding and staffing level?

Answer: In FY 1985, a total of $433,000, including the Congressional add-on, and 8 FTEs are allocated to the laboratory. The FY 1986 budget proposes a total of $432,000 and 8 FTEs. As of March 1985, the Service has four individuals assigned to Gainesville. We expect that staffing will increase to eight by the end of FY 1985 as the Florida Bay project is completed and personnel are reassigned to Gainesville. That staffing level will be maintained through FY 1986.

Open and Closed Formula Fish Food Diets

Question: Has the Service generated any actual data on savings from the shift from closed to open diets?

Answer: In response to the Congressional directive in the FY 1985 appropriation bill, the Service directed its regional offices and hatchery managers to, whenever possible, purchase closed-formula (commercial) fish feed. Such food is readily available for channel catfish and rainbow, brook, and brown trout. Specialized diets needed for production of certain other species are not readily available in commercial diets and may need to be purchased under open-formula contracts. The Service is redirecting the Fishery program toward inter-jurisdictional and other resources that involve a clear Federal responsibility. To a great extent, this re-orientation is diminishing the need for and applicability of closed-formula diets because production emphasis is being placed increasingly on such species as striped bass, Atlantic and Pacific salmon, and lake trout whose culture cannot be efficiently accommodated by off-the-shelf commercial feeds.

Because of the limited time involved, the data obtained to date on the cost of open- and closed-formula feed is also limited. The Service began purchasing closed-formula dry diets for rainbow, brook, and brown trout during the second quarter of FY 1985. Contracts have been issued for closed-formula fish feed for the Alchesay/Williams Creek National Fish Hatchery, Arizona, and for eight trout hatcheries in the Southeast region. Contracts for closed-formula fish food for the remaining Service hatcheries rearing rainbow, brook, and brown trout will be issued in late March.

The Service has set up procedures to closely monitor and evaluate the relative cost, quality, and performance of open- and closed-formula fish feed purchased for the national fish hatcheries. The limited results to date have been inconclusive. At Alchesay/Williams Creek NFH, fish feed costs under the closed-formula contract were approximately $.02 per pound more than for open-formula feeds purchased the previous year. Fish feed costs under the closed-formula contract for the hatcheries in the Southeast was approximately $.02 per pound less for five Appalachian area hatcheries and $.04 per pound less for three Ozark area hatcheries as compared to the cost of open-formula feed purchased the previous quarter. At least one full year of monitoring and data collection will probably be required to provide a useful general comparison of the relative costs and performance of closed- and open-formula fish food diets.

Columbia River Hatcheries

Question: Is there a proposal being considered to transfer operations and maintenance of Columbia River Hatcheries from NMFS to FWS? Please explain, including a statement of the FWS position.

Answer: The Subcommittee on Fisheries and Wildlife Conservation and the Environment of the House Merchant Marine and Fisheries Committee has expressed interest in transferring responsibility for hatchery operations and fish production authorized by the Mitchell Act (16 U.S.C. §§755-757) from the National Marine

Fisheries Service (Department of Commerce) to the Fish and Wildlife Service (Department of the Interior). This would be consistent with the Committee's initiative to establish a coherent national fish hatchery policy and program. The Chairman and ranking minority member of the Subcommittee recently requested technical assistance from the FWS and the NMFS in identifying statutory mechanisms to effect such a transfer. In addition, they asked both agencies to work together to determine whether mechanisms were available or could be developed that would ensure an appropriate and equitable balance of participation by NMFS and FWS in the development of fish production policy for Columbia River hatcheries authorized by the Mitchell Act.

Transferring the Mitchell Act Program to the FWS would consolidate administration of all Federal fish hatchery and related activities in the Columbia River Basin under the Federal agency responsible for fish production. The Service believes such consolidation would be desirable and cost-effective and could support the Subcommittee's initiative. However, we believe transfer of the entire Mitchell Act Program, not just the hatchery portion which involves over 80 percent of the cost of the Program, should be considered in the interest of reduced cost and coordinated administration. While FWS should be solely responsible for administering the Program, it is also proper and desirable for the NMFS, given its ocean fishery management responsibilities under the Magnuson Fishery Conservation and Management Act (16 U.S.C. §§1801 et seq.), to be involved jointly in fish production policy decisions. In fact, it would be beneficial for all the principal fishery management entities (i.e., the NMFS, States, treaty Indian tribes, and FWS) to participate jointly in developing policy for federally funded fish production throughout the entire Columbia River Basin. The management structure agreed to by those management entities and submitted to the Secretary of Commerce for approval in accordance with the Salmon and Steelhead Conservation and Enhancement Act (161 U.S.C. §§3301 et seq.) could serve as a useful forum for such policy deliberations. The Service would seek to implement such a multilateral fish production policy and coordination mechanism if the Mitchell Act Program were transferred.

If the Committee proceeds with its initiative and proposes enacting legislation, the Office of Management and Budget would coordinate a comprehensive statement of the Administration's position that would incorporate the views of all concerned agencies.

Fishery Research

Question: Please provide for the record a list of fishery research projects by location and cost.

Answer: The Service is preparing a comprehensive report of all research activities by laboratory and work element, including fishery research, that should be available for the Committee by May 1, 1985.

Question: What are the future research categories that have been identified as high priority?

Answer: Over the last several years, the Service completed a comprehensive review of the respective State and Federal roles, particularly as related to the Service, in the management of the Nation's fishery resources. This culminated in a Statement of Responsibilities and Role, recently endorsed by the Secretary of the Interior, that outlines the appropriate Service role in the management of fishery resources. The primary Service responsibilties identified in this document are:

> To facilitate restoration of depleted, nationally significant fishery resources.
>
> To seek and provide for mitigation of fishery resource impairment due to Federal water-related development.
>
> To assist with management of fishery resources on Federal (primarily Service) and Indian lands.
>
> To maintain a Federal leadership role in scientifically based management of national fishery resources.

Future research priorities will be determined by the specific resource problems and needs related to the discharge of these responsibilities rather than specific categories or types of research.

Question: How is the Service's research program responding to this research needs assessment?

Answer: The Service has, for several years, been re-orienting its fishery research activities in line with the responsibilities above. In any given year, approximately 20% of the individual research studies are completed and new studies initiated. Only new studies consistent with the identified program responsibilities are authorized. At this time, most of the on-going fishery research work is in line with these responsibilities.

Relevant to this, the Congress provided funding in FY 1985 for site evaluation and planning for an anadromous fish research laboratory on the Connecticut River in Massachusetts, and directed that the Service undertake an assessment of anadromous fish research needs for the entire Atlantic coast.

Anadromous Fish Conservation Act Grants

Question: You haven't requested any anadromous fish grants for FY 1986. Can you provide a list of 1984 and 1985 grant awards?

Answer: A listing of FY 1984 and FY 1985 grant projects follows.

U.S. Fish and Wildlife Service
ANADROMOUS FISH CONSERVATION ACT PROGRAM
State Grant Project Funding

State/Project	FY 1984	FY 1985
Alabama		
Striped Bass Production and Stocking Experiments (2-State Project: Alabama/Missippippi).	51,490	51,500
Alaska		
Southeast Chinook Study.	200,000	200,000
Kenai Penninsula Salmon Study.		20,000
	200,000	220,000
California		
Klamath-Trinity River Salmonid Stock Assessment.	378,000	433,000
Coded Wire Tagging Study (3-State Project: California/Washington/Oregon)	1,452	
	379,452	433,000
Connecticut		
Connecticut River Anadromous Fish Restoration Program (3-State Project: Connecticut/Massachusetts/New Hampshire).	144,240	164,000
Georgia		
Temperature Preference of Adult Striped Bass in the Appilachicola River.		36,000
Idaho		
Improvement of Anadromous Fish Stocks and Fisheries.	350,000	
Fish Passage Improvement and Coordination.	150,000	
	500,000	
Illinois		
Creel Census of anadromous fish in Lake Michigan.		62,000
Indiana		
St. Joseph River Anadromous Fish Program (2-State project: Indiana/Michigan).	62,000	120,733
Maine		
Penobscot River Atlantic Salmon Restoration and Management.	35,000	
Restoration of Atlantic Salmon.		120,000
Construction and Operation of Fishways for Shad and Alewives.	25,000	49,000
	60,000	169,000
Maryland		
Chesapeake Bay Anadromous Fish Studies.	71,000	
Susquehanna River Juvenile Shad Study.	34,000	
Choptank River Bay Anadromous Fish Studies.		71,000
Potomac River Striped Bass Study.		51,615
	105,000	122,615

State/Project	FY 1984	FY 1985
Massachusetts		
Merrimack River Anadromous Fish Restoration Program (2-State Project: Massachsetts/New Hamdshire).	21,000	
Connecticut River Anadromous Fish Restoration Program (3-State Project: Massachsetts/ Connecticut/New Hampshire).	26,000	20,000
	47,000	20,000
Michigan		
Au Sable River Anadromous Fish Management Plan.	40,000	
Kalamazoo R. Anadromous Fish Management Plan.	40,000	
St. Joseph River Anadromous Fish Program (2-State Project: Michigan/Indiana).	308,000	213,000
Grand River Fish Passage Modification.	29,000	18,000
	417,000	231,000
Minnesota		
Anadromous Salmonid Pre-smolt Habitat Improvement.		25,000
Re-establishment of Sturgeon in St. Louis River Estruary of Lake Superior.		40,000
		65,000
Mississippi		
Striped Bass Production and Stocking Experiments. (2-State Project: Mississippi/Alabama).	30,500	30,000
New Hampshire		
Connecticut River Anadromous Fish Restoration Program (3-State Project: New Hampshire/ Massachusetts/Connecticut).	3,000	6,000
Merrimack River Anadromous Fish Restoration Program (2-State Project: New Hampshire/ Massachusetts).	45,000	47,000
	48,000	53,000
New Jersey		
Biology of the Shortnose Sturgeon, Delaware River.	15,000	15,000
New York		
Hudson River Striped Bass Management Plan and By-Catch Evaluation (90% Fed Funds).	45,000	84,000
Hudson River Anadromous Fish.		100,000
	45,000	184,000
North Carolina		
North Carolina Anadromous Fisheries Management Program.	40,000	29,000
Albemarle Sound Gillnet Study.		30,750
Food and Feeding of Young Striped Bass in Roanoke River and Western Albemarle Sound.		40,000
	40,000	99,750

State/Project	FY 1984	FY 1985
Ohio		
Anadromous Fisheries Research and Surveys.	7,000	9,000
Expansion of London Fish Hatchery.		100,000
	7,000	109,000
Oregon		
Evaluation and Development of Techniques for Salmon and Steelhead Culture.	205,589	210,000
Freshwater Salmon Production and Habitat Evaluation (2-State Project: Oregon/Washington).	164,674	165,000
Coded Wire Tagging Study (3-State Project: Oregon/Washington/California).	1,452	
	371,715	375,000
Rhode Island		
Fishway Construction.		36,322
South Carolina		
Enhancement of Striped Bass in the Santee River	55,000	55,000
Sturgeon Propagation.	55,000	50,000
Santee-Cooper Rediversion Project.	40,000	50,000
Blueback Herring Investigations.		25,000
Circadian Movements of Coastal Striped Bass.		15,000
Sturgeon Habitat and Management Investigations.		70,000
	150,000	260,000
Vermont		
Smelt Evaluation, Lake Champlain.	31,000	
Washington		
Treaty Indian Catch Monitoring System.	94,900	109,600
Salmon Production Management (2-State Project: Washington/Oregon).		71,480
Coded Wire Tagging Study (3-State Project: Oregon/Washington/California).	1,451	
Freshwater Salmon Production and Habitat Evaluation (2-State Project: Washington/Oregon).	191,252	200,000
	287,603	381,080
Wisconsin		
Oconto River Development.	82,000	49,000
Sheboygan River Development	93,000	
Brule River Anadromous Fishery Research.	53,000	
	228,000	49,000
Subtotal, State Grants	$3,220,000	$3,287,000*

State/Project	FY 1984	FY 1985
Grant Administration	180,000	143,000*
Emergency Striped Bass Study	600,000	588,000
Program Total	$4,000,000	$4,018,000

* The FY 1985 Budget Justification identified $3,254,000 for state grants and $176,000 for grant administration. Only $143,000 was required for administration, so the balance of $33,000 was made available for grants to states.

Emergency Striped Bass Study

Question: Should the striped bass research program be continued in FY 1986?

Answer: The Service and the Department do not believe it is necessary to continue the Emergency Striped Bass Study (ESBS) as such beyond FY 1985. The ESBS was authorized in FY 1980 to determine the causes of severe declines in east-coast striped bass populations. Originally authorized as a three-year study to extend through FY 1982, it was subsequently extended through FY 1985 because initial findings were inconclusive. The currently authorized work is scheduled for completion at the end of FY 1985, with a final report to be provided to Congress in 1986.

Although the direct causes of the striped bass decline have not been precisely described, or their relative effects fully assessed, it is the general consensus of researchers involved that a combination of factors, including environmental contaminants, habitat degradation, and over-utilization (harvest), is involved. The Department and the Service believe that causes of the decline have been described adequately and that the management agencies need to move forward aggressively with cooperative actions to restore the resource's productivity. Legislation (The Atlantic Striped Bass Conservation Act) was recently enacted by Congress that will provide the framework for coordinating effective interstate regulation of harvest. Also, the Service, in cooperation with the States and others, is both implementing an experimental stocking program in Chesapeake Bay in an effort to maintain critical spawning stocks and providing baseline ecological data for a concerted cleanup program. These and other such management actions needed to restore populations and habitat should not be delayed pending completion of additional research.

Question: Do we have enough striped bass information to adequately manage the resource in order to assume restoration of the striped bass population?

Answer: As stated, we believe that adequate information is available to implement cooperative management actions to restore populations. The need for additional information should not be taken as reason to defer implementation of needed management actions. In conjunction with restoration actions, cooperative efforts must be continued to expand the biological information base for the striped bass resources.

Question: Does the Chesapeake Bay have toxicity or contaminant problems?

Answer: The decline of Chesapeake Bay fish and wildlife resources can be traced to several sources of which contaminant problems are a major concern. Recent studies by the Service, EPA and other Federal agencies show that important fish and wildlife habitats are being affected by agricultural and industrial contaminants from point sources, such as industrial plants, and non-point sources, such as run-off. These inputs have affected populations of striped bass and American shad, as well as waterfowl and endangered species.

Question: How much do we know about the spawning rate and its relationship to contaminants?

Answer: The Service is very concerned about the effect of contaminants on fish spawning in Chesapeake Bay and its tributaries. The Service is currently conducting research to assess the effects of contaminants on striped bass reproduction. While striped bass tolerance to contaminants increases with age, the impact of these substances during the fish's developmental stage are severe. It is known that PCBs, DDT, and dieldrin impede proper egg development in striped bass. Striped bass fry that have been exposed to various dilutions of water from the Nanicoke and Choptank Rivers, two polluted Bay tributaries have all died, even in 25% dilution waters. Adverse contaminant effects on fish may be more pronounced in the fresh water tributaries to the Bay, where many fish such as striped bass spawn, than in the more brackish waters of the Bay itself. Further investigations of the chemicals and their specific toxicities to striped bass and other fish species of the Chesapeake Bay are continuing.

Federal Aid

Question: Your justification lists (p. 236 and 257) the use of reverted funds. How are these projects selected?

Answer: Projects proposed for funding with P-R and D-J reverted funds are initiated at the Regional Offices or at the Research Field Stations and submitted to the Washington Office. Within the limits of available funds, those projects are selected which best meet needs for the Migratory Bird Program or the fishery research effort.

Question: Why does your proposal for sport Fish Restoration anticipate 6% administrative costs and your Federal Aid-Wildlife proposal expect 8% administrative costs?

Answer: Recent amendments to the Federal Aid in Sport Fish Restoration Act by Public Law 98-369 includes a provision to reduce the maximum administrative deductions from 8% to 6%, effective in FY 1986. The Federal Aid in Wildlife Restoration Act was not changed and continues to allow administrative deductions of up to 8% of tax receipts.

Question: Please explain the common program services item in the Federal Aid-Wildlife proposal?

Answer: The common program services item represents the program's share of costs incurred under the General Administration activity. This includes such functions as Personnel Management, Contracting and General Services, Financial Management, the Fish and Wildlife Service Finance Center, plus related support services such as office space, telephone, and postage. Permanent and trust accounts budget a portion of their administrative funds to cover these overhead costs.

Question: Why is there no equivalent charge for Sports Fish Restoration?

Answer: The 1986 Fish and Wildlife Service Budget justification (page 228) reflects the amount for common program services for the Sport Fish Restoration account of $678,000. The FY 1986 estimate for Federal Aid-Wildlife is $1,646,000.

Question: What will you do if the excise tax receipts for D-J increase by more than $6 million?

Answer: Under the 1986 budget proposal, all excise tax receipts deposited in the Aquatic Resources Trust Fund are proposed for appropriation for the Sport Fish Restoration Program. Any additional excise taxes above the current estimate will be available for appropriation and, if appropriated, will be apportioned to the States for grant-in-aid projects.

Question: What is the amount of State D-J projects that are approved or that could be carried out in FY 1986?

Answer: Based on a survey of the States conducted by the American Fisheries Society to determine their needs for additional grant funding, it was estimated that they could use in excess of $160 million for fisheries projects.

Question: In your judgment, should hunter education programs be authorized for Puerto Rico and other territories under the Pittman-Robertson grants?

Answer: The Pittman-Robertson Act would need to be amended to authorize Puerto Rico and the other territories to participate in the hunter safety education program. We believe that Puerto Rico and the insular areas may have some need for training hunters. We would have no objection to legislation amending the P-R Act to authorize their participation consistent with their needs.

Endangered Species

Question: You have recently down-listed the peregrine falcon from endangered to threatened. Have the recovery plan objectives been met yet?

Answer: There are 3 subspecies of peregrine falcons, the Arctic, American, and Peale's, which are native to North America. Two of these peregrine subspecies, the American and Arctic, are listed species. On April 19, 1984, the Arctic peregrine falcon, which breeds in the tundra region from Alaska to Greenland, was reclassified from endangered to threatened as a result of improving population conditions.

The American peregrine falcon, with relict populations occurring along the Pacific coast, in the Rocky Mountain Southwest, and in a small, reintroduced population along the East Coast, is still classified as an endangered species. There is an approved American Peregrine Falcon Recovery Plan for each of these 3 geographic regions, but the species has yet to reach the recovery objectives identified in any plan.

Question: Shouldn't we continue to fund this program until the plan's objectives have been met?

Answer: The proposed FY 1986 reallocation of funds from peregrine falcon propagation and release activities to expansion of the sea turtle recovery program reflects a basic management principle of the Endangered Species Program, i.e., to continuously focus Service resources on the species most in need of protection. Of course, this reprogramming would not have been proposed if the Service felt that peregrine falcon recovery efforts would have been seriously impeded as a result.

Basically, recovery for the American peregrine falcon involves the captive propagation, rearing, and release of young peregrines to the wild. The Peregrine Fund, a non-profit organization devoted to the recovery of the peregrine falcon nationwide, has been largely responsible for advancing peregrine husbandry techniques from the experimental stage to the production phase. Since 1981, the Service has supported the Fund with over $1,500,000, and will continue such direct contract support in the future ($46,000 is budgeted for FY 1986). More importantly, the Fund continues to receive the major portion of its operating funds from non-Service entities, such as other Federal agencies and, especially, public contributions and foundation grants. The Service believes its requested funding level is sufficient to maintain peregrine falcon recovery activities now scheduled in FY 1986 without additional funds.

Question: Will the Key Largo conservation plan be completed by the end of 1985?

Answer: The Fish and Wildlife Service has provided all of the $98,000 appropriation enacted in FY 1985 to the State of Florida to fund completion of the North Key Largo Habitat Conservation Plan project. This project is scheduled to be completed by July, 1985.

Question: Will you be able to continue the project if it is delayed into 1986?

Answer: If the project is not completed by the end of FY 1985, use of these funds would still be available in FY 1986 for final completion of the project, as the funds have already been obligated in FY 1985 for this specific purpose. The Service's participation in the project has involved receipt of the appropriation and provision of these funds to the State, and advisory participation on the North Key Largo Habitat Conservation Plan Steering and Study Committees (these costs are part of the normal regional operations, and are included in the FY 1986 budget request).

GENERAL ADMINISTRATION

Question: What success are you having in recruiting women and minorities into managerial positions? Please prepare a table showing your progress to date over the past few years.

Answer: Over the past few years, the Service has made steady progress in the area of women (non-minority) moving into positions at the managerial levels (EX, ES, GM) and at the senior and mid-levels (GS-9/14). Progress for minorities has been slower. In the past year, the Service's statistics showed no increase at the senior and mid-levels and a slight decrease at the managerial levels. The table on the next page illustrates the progress made by the Service on this important matter from 1983 through 1984.

In order to increase the numbers of minorities and women (non-minority) at managerial levels, the Service has: (1) directed that 5 percent of all project leader positions will be filled with women and minorities by the end of FY 1986; (2) sought and received exemptions of cooperative education positions from the Departmental hiring freeze; these positions have proved to be an effective means of recruiting minorities and women (non-minority) in the past; and (3) continued to stress the selection of minorities and women for the Departmental Management Development Program (DMDP). Prior to 1974, non-minority males comprised 93 percent (92 of 99) of the Service employees entering the DMDP. Since then, women (non-minority) have comprised 18 percent (12 of 67) and minorities have comprised 15 percent (10 of 67).

Comparison of Progress
February 5, 1983 through December 31, 1984

	Feb. 05, 1983	Feb. 05, 1984	Dec.31, 1984
OVERALL			
Women (non-minority)	1,462 (24.0%)	1,485 (24.4%)	1,610 (25.9%)
Minorities	628 (10.3%)	657 (10.8%)	661 (10.6%)
NON-MINORITY MALES	4,002 (65.7%)	3,940 (64.8%)	3,938 (63.4%)
TOTAL WORKFORCE	6,092	6,082	6,209

Comparison of Progress
February 5, 1983 through December 31, 1984

	Feb. 05, 1983	Feb. 05, 1984	Dec.31, 1984
MANAGERIAL LEVEL (EX, SES, GM)			
Women (non-minority)	14 (2.1%)	18 (2.7%)	24 (3.5%)
Minorities	23 (3.5%)	27 (4.0%)	23 (3.3%)
SENIOR & MID-LEVEL (GS Grades 9/14)			
Women (non-minority)	278 (10.3%)	296 (11.1%)	362 (13.3%)
Minorities	174 (6.4%)	177 (6.7%)	183 (6.7%)

FISH AND WILDLIFE FOUNDATION

Question: What is the status of your effort to get the Fish and Wildlife Foundation underway? Please prepare a 5-year plan for the Committee's review.

Answer: The legislation (P.L. 98-244) establishing the Foundation requires, as soon as practical after the end of their fiscal year, transmission to Congress a report of its proceedings and activities during such year, including a full statement of its receipts, expenditures, and investments. The Board has held its second meeting and is still in the preliminary stages of developing by-laws, budget, and staffing requirements. There are two vacancies on the Board of Directors. As soon as these fundamental basic organizational needs are met, the Board will begin the preparation of long-range plans for the activities of the Board.

Question: How much is the Service funding for the Foundation in FY 1985? Please show how the funds were provided for that purpose.

Answer: The Service is proposing a realignment of $150,000 within the Resource Management appropriation to meet Service responsibilities related to the National Fish and Wildlife Foundation.

The following table identifies the proposed redistribution of funds:

Budget Activity	1985 Appropriation Enacted To Date	Realigment of Funds	1985 Revised Amount
Habitat Resources	$ 49,248,000	- $ 29,000	$ 49,219,000
Wildlife Resources	146,584,000	- 80,000	146,504,000
Fishery Resources	46,189,000	- 26,000	46,163,000
Endangered Species	27,065,000	- 15,000	27,050,000
General Administration	36,052,000	± 150,000	36,202,000
TOTAL RESOURCE MGT	$305,138,000	---	$305,138,000

Question: Are there long-term plans to make the Foundation self-supporting? How?

Answer: According to the Act, the Department may provide personnel, facilities, and other administrative services to the Foundation for a period 8 up to 5 years. There are no projections for revenues over the next 3 fiscal years. The Board is making plans to be completely self-sustaining sometime during that period.

Further, the Foundation is authorized to reimburse the Fish and Wildlife Service for funds advanced or spent by the Service for costs of the Foundation. The Fish and Wildlife Service is seeking the authority through revisions to its Administrative Provisions contained in the President's 1986 Budget, to accept this reimbursement by the Foundation.

Section 2901 Rescissions

Question: What Section 2901 rescissions are carried over into 1986?

Answer: The following Section 2901 rescissions will continue in 1986 as part of the 10% administration reduction.

Item	Proposed Reduction
Travel	-$80,000
Publications	-$252,000
Consulting Services	-$137,000
Total	-$469,000

Question: Please describe the distribution and impact of the rescissions.

Answer: The proposed reductions in travel will be accomplished through a variety of actions at the Regional and Washington office levels. Attendance at and frequency of meetings, conferences, hearings and program evaluations will be strictly limited.

The proposed reduction in publications will limit the number of scientific manuscripts available.

The proposed reduction in consulting services will defer contractual activities for biological analysis of fish and wildlife samples collected through the contaminant monitoring program. Production of one to two wetland maps by contractual arrangement also will be deferred.

General Administration

Question: Does your $100,000 SLUC savings mean reduced space for FWS in 1986?

Answer: The $100,000 SLUC savings is the result of space reduction in FY 1986.

Question: How will that be achieved?

Answer: This reduction will be achieved by giving up the space of those functions that will be included in the Departmental consolidation plan in FY 1986.

Question: Do you anticipate additional savings?

Answer: We do not anticipate additional savings.

Question: Will the recent postage rate increase impact FWS operation in 1986?

Answer: No. The recent rate increase will not impact FWS operation in FY 1986. Through efficient management practices and various proposed consolidations, the Service proposes to absorb the increase.

Question: Please describe the explicitly how you propose to meet your $939,000 base adjustment for improved position management initiative?

Answer: We propose to meet this goal with a continuation of our basic Grade Bulge Reduction Program, with increased emphasis on those elements which prove to be most effective in FY-1985. The effort will continue to be that of taking advantage of opportunities created by vacancies through normal attrition. Some specific steps included in the plan are:

1. Reduce the number and/or grade levels, to the extent possible, of positions becoming vacant through attrition.

2. Assign specific grade bulge reduction responsibilities to regional and Washington Office program management officials.

3. Monitor regional office and program manager efforts through required quarterly progress reports.

Administrative/Headquarters Savings

Question: Also, your headquarters and administrative expenditures (p. 24). Please distribute these reductions by office and program.

Answer: The following table reflects a distribution of anticipated savings in 1986 resulting from improved cost-effectiveness measures in administrative and headquarters support functions. (See following page)

Budget Authority
(Dollars in thousands)

Appropriation/Activity	A-76 & Other Constracts	Consoli-dations	Info. Resources Mgmt.	Streamlined Procedures	Improved Admin. Ratios	Deferred Admin. Expend.	FY 1986 2901 Savings	Total Savings
Resource Managment								
Habitat resources	20	47	55	77	...	50	175	424
Wildlife resources	...	...	150	1,000	...	...	106	1,256
Fishery resources	...	...	130	80	...	...	188	398
Endangered Species	...	...	...	199	...	...	...	199
General admin	...	715	300	122	800	...	...	1,937
Total	20	762	635	1,478	800	50	469	4,214

Question: You project a reduction of 42 FTEs in administrative efficiencies. How will this reduction be accomplished and what will happen to those employees?

Answer: The 42 FTE reduction will be accomplished through (1) consolidation of payment and procurement centers, mail services and safety functions, (2) improve management of information, and (3) streamlining review procedures and functions. Some affected employees will be transferred with their function to the consolidation units. Other reductions will be accomplished through a combination of attrition and reduction in force.

Question: What is your estimate for unemployment compensation payments in FY 1985?

Answer: The Service's estimate for unemployment compensation payments in FY 1985 is approximately $1,429,000. The $229,000 identified for FY 1985 payment in the FY 1986 Budget Justification was based on preliminary information available early in FY 84. The $1,429,000 is based on updated data including the FY 1984 actual cost.

Question: How will you fund this requirement?

Answer: Since funds are not currently available within the General Administration activity to accommodate the additional requirement it may be necessary to reprogram funds from other Resource Management budget activities. Congressional approval will be sought if a reprogramming is required.

Question: You projected a $499K savings through position management in FY 1985 and now propose a $939K savings in FY 1986. What has been the result of this program?

Answer: The Service implemented its Departmental approved Grade Bulge Reduction Program on October 1, 1984. To date we have evaluated regional progress reports for the quarter ending December 31, 1984.

Based on that first quarter data, we have made limited progress. The Servicewide average grade in the GS/GM 11-15 range dropped from 12.48 to 12.46 during that period. This limited first quarter success was not unexpected since the program is designed to take advantage of opportunities created through normal attrition. We feel the third quarter data will provide a more comprehensive picture of the program in FY-1985.

Question: You identify a $20K savings in contracting efficiencies and a reduction in FTEs from 107 to 101 in Contracting and General Services. At the same time, you project about 6% increase in CGS workload. Will this be accomplished?

Answer: The $20,000 saving which is part of the Service's overall reduction in headquarter and administrative expenditures does not relate to the Contracting and General Services workload. The Contracting and General Services workload is increasing as a result of more contracting activities. However by contracting out for wetland inventory activities (see page 140) a saving of $20,000 will be realized within that program. The decrease in FTEs will be accomplished by increasing automation, consolidating within the Service, consolidating across bureaus in specific locations and by centralizing procurement functions.

Question: Explain your projected $762K/29/FTE reduction through intra and interagency consolidations.

Answer: This is also a part of the Service's overall anticipated savings in 1986 resulting from efficiency in administrative support. The projected activities involved in this reduction are (1) payment center, (2) procurements, (3) safety; and (4) general services.

Question: What are the assumptions upon which this projection is based?

Answer: The $762K, 29 FTEs reduction through intra and interagency consolidations is based upon the assumption that proposed consolidation will take place at the beginning of FY 1986.

Question: Will the mechanisms to accomplish this be in place by the beginning of FY 1986?

Answer: The Service will participate fully with all agencies involved in an effort to have those mechanisms in place by the beginning of FY 1986.

Question: Major savings are projected ($635K/4 FTE) as a result of efficiencies linked to enhanced utilization of ADP technology. How is this figure derived?

Answer: The savings of $635,000 represents the combined efforts of four programs to improve the management of information in the Service. The programs affected by this savings include:

Habitat Resources	$55,000
Wildlife Resources	150,000
Fishery Resources	130,000
Administration	300,000
Total	635,000

Question: How can this be accomplished when you also identify $50K savings through deferred ADP equipment purchase?

Answer: A portion of the savings will be achieved by the Habitat Resources program through the recent purchase and installation of a micro-computer network providing taped access to management information and word processing capability. In 1986, the program will realize the efficiencies of this system.

The anticipated saving of $50,000 in deferred ADP equipment and software should be realized by carefully screening future requests for individual ADP components.

Question: The budget assumes a 10% reduction in administrative costs. However, you have reduced Washington Office General Administration costs by only 2%. Why?

Answer: The General Administration Activity funds three subactivities: executive direction, administrative services and related support services. Although the total funding level for General Administration reflects a decrease of 2 percent, the administrative services portion of this activity was reduced by 15 percent from the 1985 appropriated level.

The base for the administrative cost reduction includes Washington and central service operations such as financial and personnel management, contracting services and the Denver Finance Center. Because the General Administration activity also houses non-discretionary costs such as Servicewide space, telecommunications, unemployment compensation and postage, there was no attempt to decrease the 1986 estimate.

Question: a) You projected a 10%/yr reduction in reported accidents/incidents in FY 1985 and a 5% reduction in FY 1986. How will your safety program be affected by intrabureau consolidations proposed to increase management efficiencies?

Answer: The proposed consolidation of bureau safety functions will allow our Service to benefit from the sharing of safety expertise residing throughout the Department. Two anticipated effects of the consolidation are:

o Increased efficiency - Interbureau realignment of functional responsibilities within bureaus will decrease overall staffing requirements; enhance program coordination and uniformity, control of funds, reaction time to bureau requests for technical assistance, review of accident/incident reports; provide for increased professional development of safety personnel; and will reduce personal property and space requirements. In addition, travel costs will be reduced; bureau program evaluations and followup will be enhanced; communications and program promotion will be improved; inter-agency contacts will be expanded; and a Departmentwide career ladder can be established along with better control of grade structure.

o Reduce duplication of efforts - Implementation of interbureau consolidation will streamline review, analysis and storage of accident reports; enhance retrieval of data; provide for one basic set of safety and environmental health standards and guidelines; eliminate need for bureau training; ensure uniformity in Job Corps and other youth programs; enhance selection of professional employees through uniform standards; and will eliminate duplication in industrial hygiene and environmental health requirements and monitoring equipment.

Question: Why are your estimates for equipment/material losses for FY 1984 and FY 1985 more than 50% higher in the FY 1986 budget book than in the FY 1985 book?

Answer: The FY 1985 budget estimate for equipment/material losses for FY 1984 was made before final figures for FY 1984 were available. When the FY 1986 budget was prepared, we were able to see exactly what happened in FY 1984.

Questions Submitted by Senator Lawton Chiles

Florida Refuges

Question: Last year Congress approved funding for acquiring lands within the boundaries of the following wildlife refuges in the State of Florida:

American Crocodile
Florida Panther (Fakahatchee Strand)
Key Deer
Lower Suwannee

I would appreciate your providing a status of these projects to date and the funding requirements necessary to complete them.

Answer: The status of the four Florida refuges is as follows:

AMERICAN CROCODILE

	Ownership	Acres	Costs
Acquired thru FY 1984	24	3,022	$ 3,922,000
Planned thru FY 1985	54	2,600	9,728,000
Remaining	12	1,478	1,500,000
Total	90	7,100	$15,150,000

FLORIDA PANTHER (FAKAHATCHEE STRAND)

	Ownership	Acres	Costs
Planned FY 1985	1	10,000	$ 3,920,000
Remaining	1	18,000	7,500,000
Total	2	28,000	$11,420,000

KEY DEER

	Ownership	Acres	Costs
Acquired thru FY 1984	34	4,101	$ 5,902,637
Planned thru FY 1985	20	490	2,450,000
Remaining	500	5,200	26,000,000
Total	554	9,791	$34,352,637

LOWER SUWANNEE

	Ownership	Acres	Costs
Acquired thru FY 1984	8	23,452	$ 5,311,000
Planned FY 1985	2	10,490	3,383,000
Remaining	14	23,058	9,619,000
	24	57,000	$18,313,000

Question: If funds were made available this year for these projects, how much funding could be utilized during fiscal year 1986 for these purposes (please break down by project).

Answer: FY 1986 land acquisition funding utilization for the four Florida refuges is as follows:

American Crocodile

The remaining $1.5 million could be utilized, yet could also be deferred beyond FY 1986. These remaining tracts may require condemnation as a last resort to complete the refuge.

Florida Panther

The remaining $7.5 million could be utilized in FY 1986, however funding in FY 1986 and FY 1987 would be preferred.

Key Deer

The Service has been concentrating its efforts on the three highest priority keys: No Name, Big Pine and Cudjo. There are land acquisition opportunities on the other keys but they have been deferred since the most valuable habitat is on the other three keys. Obligational capability on this refuge would not exceed $4 to $5 million in FY 1986.

Lower Suwannee

Since several owners remain to be negotiated with, funding spread over a two- to three-year period would be preferable to receiving the remaining $9.619 million in FY 1986.

West Indian Manatee

Question: The Marine Mammal Commission prepared last fall a report on the habitat protection needs for the endangered West Indian manatees in the Crystal River area of Northwest Florida. The manatees at Crystal River and the Big Bend area of Florida are the only expanding population in Florida, but current development and increasing numbers of boats could seriously threaten them by water pollution and boat strikes. If lands are acquired from willing sellers and kept in preservation, will this help protect this critical population?

Answer: The number of Section 7 consultations on single family piers and boating facilities is increasing, foretelling an increase in levels of boat/manatee conflicts in the area. The Section 7 process by itself is not able to prevent the cumulative impacts of incremental development on the manatee. Therefore, in certain circumstances, land acquisition can be an effective, additional way of stemming this increase in development and the resulting conflicts, thereby assisting in the protection of manatees.

Question: Does acquisition directly benefit the manatee?

Answer: Yes. Depending on the sites and other factors, land acquisition can be an effective solution for dealing with development in sensitive manatee use areas, such as critical feeding, wintering, and calving habitats.

Question: What facilities are available in Crystal River, Florida, for the public to obtain information and be advised how to protect and enjoy the estimated 138 manatees that reside in Kings Bay?

Answer: At present, a public information facility is available at Homosassa Park, a county park, where opportunities are provided for viewing captive-held manatees. The Service unit that administers refuge property in the Crystal River is approximately 12 miles away (Chassahowitzka National Wildlife Refuge). The refuge is developing some leaflets and brochures on manatees, and a floating kiosk to provide information on Kings Bay (the headwaters of the Crystal River), and manatee conservation and regulations.

Question: Does the amount of public use in this area justify facilities of this nature?

Answer: In 1983, an estimated 65,000 visitors were attracted to the waters of Kings Bay, 45,000 of whom were divers. The attractiveness of this area to the public is continually increasing, and the greatest attraction is the abundance and concentration of manatees.

Question: Are opportunities now available to purchase suitable areas for needed facilities?

Answer: As of December, 1984, 5 sites in the vicinity of Crystal River National Wildlife Refuge that were suitable for environmental education, wildlife orientation, and administration had been identified by the Service. It is anticipated that such facilities could provide environmental educational interpretation and other compatible wildlife orientation for 115,000 visitors to the Crystal River area annually.

Question: If so, what are the prospects these opportunities will be available for several years?

Answer: Recently, 1.5 acres of the preferred 5-acre site were sold, along with a residence, but local realtors feel that this could be a temporary situation, and the property might become available again in the foreseeable future. But, even though this sale breaks up the original property, the remaining acreage remains on the market, and would still be a suitable site for an interpretive facility. Of the remaining available sites, the State of Florida is currently starting acquisition proceedings on one site located on Kings Bay that may eventually be a desirable location for such a facility.

Habitat Conservation Plan

Question: Last year $100,000 was provided to the U.S. Fish and Wildlife Service for the purpose of assisting the State of Florida and local agencies in the preparation of a Habitat Conservation Plan for North Key Largo, Florida. Section 10(a) of the Endangered Species Act contemplates the development of such a plan as a means to address the conservation of a habitat and species of concern in the context of anticipated development. Could you provide a summary of where we now stand in terms of the development of the Habitat Conservation Plan for North Key Largo, Florida?

Answer: In August, 1984, the Service listed two unique mammal species (Key Largo woodrat and Key Largo cotton mouse) that occur exclusively on North Key Largo, Florida. Critical habitat was not included in the final rulemaking. In the same month, landowners in the North Key Largo area retained an attorney to develop a Habitat Conservation Plan (HCP) in order to receive a Section 10(a) permit, and thus facilitate development. Since the original August meeting, there have been at least a dozen meetings to aid in the development of the HCP. Significant accomplishments are:

1. Development of a memorandum of understanding which explains the process, names the participants, and outlines the goal and purpose of the HCP.

2. Enactment of an appropriation of $98,000 to finance the cost of the HCP. These funds have been provided to the State of Florida by the Service to complete the plan, with the provision that they be matched with like dollars or in-kind services.

3. Development of an interagency agreement to transfer the money to the State.

4. Development of 3 prototypes by the development lawyers, and submittal of these prototypes to the HCP Committee.

5. Appointment of a permanent chairman for the HCP Steering Committee and HCP Study Committee: Chairman is Mr. David Brower of the Conservation Foundation, North Carolina.

The various prototypes proposed by the development interests represent the spectrum of options for maximum environmental protection through acquisition to complete parcel-by-parcel development. Current indications are that moderate development in areas of disturbed habitat is the preferable alternative at this time. The HCP Study Committee continues to meet on a regular basis, approximately every 6 weeks. It is anticipated that the major option will be developed and recommendations made by June or July, 1985.

Question: Has the U.S. Fish and Wildlife Service participated in other conservation plans of this nature?

Answer: The Service has participated in the completion or development of the following two habitat conservation plans:

1. San Bruno Mountain Habitat Conservation Plan:
The project which motivated Congress to provide for incidental take permits was the planned residential/commercial development on San Bruno Mountain, just south of San Francisco, California. Local environmental activists had successfully blocked several attempts to develop the mountain. When the developers and local activists decided to work together, prior to the 1982 Amendments to the Endangered Species Act, it was discovered that the Act did not allow for incidental take, even if the continued existence of a listed species was not threatened. When the Act was amended, the developers, local activists, and county government developed the San Bruno Mountain Habitat Conservation Plan, which met the requirements for issuance of an incidental take permit. The permit was subsequently issued on March 4, 1983, and will be in effect for 30 years.

2. Coachella Valley Fringe-toed Lizard Habitat Conservation Plan:
Agricultural, industrial, and residential development have significantly reduced historic lizard habitat. Construction of windbreaks

has impeded the natural flow of sands and rendered much of the historic habitat unsuitable. As a result of these actions, several Section 7 consultations have been conducted.

A consultation with the Department of Housing and Urban Development served as a catalyst to resolve the apparent conflict. Local government officials and private organizations have expressed interest in setting aside a desert preserve area in the Coachella Valley to protect the lizard and other natural features. The Department's objective is to allow reasonable development, while saving the lizard through the development of a habitat conservation plan (HCP). The Service is currently providing information to the "task force" to achieve compliance with the Act, and assure that the resulting action will indeed be beneficial to the Coachella Valley fringe-toed lizard. To date, a draft HCP has been approved by all local governments (8 cities and Riverside County). This HCP calls for the establishment of 3 preserves and the private sector to provide the funds for their purchase (about $7 million, to be obtained through development fees). The final version of the HCP and the accompanying incidental take application are expected to be submitted to the Service by April, 1985. The California Department of Fish and Game, the Bureau of Land Management, the Fish and Wildlife Service, and The Nature Conservancy are all cooperating in the acquisition phase. Congress has allocated $5 million from the Land and Water Conservation Fund for this purpose. An agreement to manage the preserves is currently being developed. An environmental impact statement is now being prepared, and events leading to an Endangered Species Act Section 10(a) permit for incidental take are proceeding smoothly, with permit issuance and EIS completion scheduled for October, 1985.

Question: Please assess the value of the Section 10(a) process (the development of habitat conservation plans) in resolving conflicts with respect to resource development and resource protection.

Answer: Amending the Endangered Species Act by allowing for incidental take (Section 10(a)) and development of habitat conservation plans has fostered the relationship between developers and environmentalists, by providing a mechanism which protects listed species and their habitats while allowing development to proceed. The Section 10(a) process has proven its value on San Bruno Mountain, demonstrating its potential for compromise benefitting both listed species and land development interests, and it is now being used at North Key Largo and Coachella Valley.

Question: The Endangered Species Amendments created the process requiring a unique partnership between the public and private sectors in the interest of species and habitat conservation. Previously, environmental regulations fostered confrontation rather than compromise between developers and environmentalists. The process set forth in Section 10(a) provides an opportunity for the Federal Government to work cooperatively with State and local agencies as well as the private sector in developing a land use plan which reconciles the need to protect the valuable wildlife resources of an area with private sector development plans. Obviously, there will continue to be a Federal interest in this area because of existing and proposed Federal protections concerning wildlife in various areas. From a Federal perspective, do you see the North Key Largo Habitat Conservation Plan as providing an opportunity to develop a model for solving environmental disputes which could be applied to other conflicts throughout the nation?

Answer: The San Bruno Mountain Habitat Conservation Plan (HCP) was actually the model for the HCP concept. The North Key Largo and Coachella Valley HCPs are further demonstrating the positive potential of the concept for conflict resolution. The North Key Largo project is unique, as it involves an island, several listed species, and possible beach-front development.

QUESTIONS SUBMITTED BY SENATOR DENNIS DECONCINI

Buenos Aires Ranch, Arizona

Question: Could you please give the Committee a status report on the progress being made by the Service in its acquisition of the Buenos Aires Ranch in Arizona. When can we expect the acquisition to be completed?

Answer: The acquisition of the Buenos Aires Ranch was completed on February 28, 1985.

Question: When the Secretary reconsidered the acquisition of the Ranch, were any viable alternatives discussed that would protect the species but not require acquisition of the entire Ranch?

Answer: Four alternatives other than purchase of the ranch were explored within the Land Protection Plan and discussed with the Secretary.

Question: If so, what were those options?

Answer: The four options discussed in the Land Protection Plan are: 1) Acquisition/management by others, 2) Protection via existing local, State or Federal regulations, 3) Less-than-fee purchase and, 4) Less-than-full ranch acreage purchase.

Question: Why were they not suitable for implementation?

Answer: The four alternatives and reasons for their not being chosen are discussed below.

--Acquisition/management by others: The State and conservation organizations were interested but none had the personnel or funding necessary.

--Protection via existing local, State or Federal regulations: None existed which would control the activities on private lands.

--Less-than-fee purchase: An easement or lease was suitable for the 90,000 acres of State land involved but not the private lands since total management rights are needed by the Service to ensure maintenance of optimal habitat conditions. An easement/lease option providing complete management control to the Service was not acceptable to the landowners and was not acceptable to the Service since it approached fee acquisition costs.

--Less-than-full ranch acreage purchase: The Service also tried to acquire only the southern portion of the ranch. The owner refused to consider this since it would necessitate relocation of the ranch headquarters and loss of the best grazing land. The southern portion of the ranch involved 95 percent of the ranch's improvements and up to 75 percent of its profit. It is for this reason the owners insisted either none or all of the ranch be purchased.

Question: For the record, could you indicate how the acquisition of this property will effect the local economy of Sasabe and Pima County?

Answer: It is difficult to measure the total effects of this purchase on all phases of economy in the Town of Sasabe and Pima County since the master plan for the refuge has not been completed. We envision that the effects on the county should be positive. Under full funding of the Service's shared revenue payments, Pima County would receive $62,000 annually. Even if the estimated payment of 58 percent in FY 1986 becomes a reality, Pima County would receive approximately $36,000. This is in comparison to $12,972 that the ranch paid in annual taxes in 1983.

Sasabe is a very small town and any major change in ownership and management of a large local ranch will effect its economy. Most of the major fears expressed by its residents will be minimal. We have received assurances that the loss of school enrollment will not result in its closure. There are currently 27 students enrolled, 5 of which are from Buenos Aires Ranch families. The school will be maintained as long as there are 9 or more students.

The telephone system through the refuge will be retained. We envision only 3 of the 19 telephones currently in place will be removed. We plan to retain three of the ranch employees on a full time basis and possibly hire a fourth. We do not foresee a large impact on Sasabe, either economically or socially.

Question: It is my understanding that those areas within the Ranch presently being utilized for grazing will be allowed to continue on a sublease basis. How will the leases be administered?

Answer: As was mentioned earlier, a decision on exactly how much grazing will be available will not be known until the refuge master plan is developed. However, our plan is to continue grazing on most of the ranch. The State lands will be subleased for grazing.

Question: Will the State have jurisdiction or will Fish and Wildlife?

Answer: The grazing subleases will be administered by the Fish and Wildlife Service and the leased land will be under the jurisdiction of the Fish and Wildlife Service as a part of the refuge.

Kofa National Wildlife Refuge, Arizona

Question: What is the status of the mineral survey on the Kofa National Wildlife Refuge?

Answer: The Fish and Wildlife Service regional office in Albuquerque, New Mexico has a contract with the U.S. Geological Survey to conduct the mineral survey, and the final report is due in April 1986.

Fish Hatcheries

Question: I understand that the Service does not anticipate the closure or transfer of any fish hatcheries in 1986. List hatcheries that were closed, transferred or are being transferred to other agencies in FY 1985. Also, please give the funding status for those transferred in Arizona?

Answer: No Fish and Wildlife Service funded hatcheries in Arizona or any other states are being closed or transferred in FY 1985. In the FY 1985 Appropriation, Congress terminated funding for three hatcheries (Pisgah Forest, North Carolina; Cheraw, South Carolina; Crawford, Nebraska) that were transferred to State operation during FY 1984. All other Fish and Wildlife Service hatcheries were fully funded in the FY 1985 Appropriation.

Question: Compare the FY 1985 estimates to the new proposal for 1986 in terms of funding and FTEs for those hatcheries in Arizona?

Answer: The only Federal hatchery in Arizona fully funded by the Fish and Wildlife Service (FWS) is the Willow Beach National Fish Hatchery. The Willow Beach NFH has a budget of $373,000 and 6 FTEs for FY 1985 and a planned budget of $374,000 and 6 FTEs in FY 1986.

In addition, the FWS operates the Alchesay/Williams Creek hatchery complex on a contract basis for the Bureau of Indian Affairs (BIA). This complex provides fish (trout) for tribal fishing programs on a number of reservations. Its operation and maintenance funding is budgeted by the BIA, which then reimburses the FWS for the operational costs. The FY 1985 budget for Alchesay/Williams Creek is $366,700 and 10 FTEs, which includes $347,000 for operations and $19,700 for cyclical maintenance. Of this total, the BIA is providing $326,700 and the FWS is contributing $40,000. In FY 1986, the Service projects that at least the same level of operational funding, adjusted for inflationary cost increases, would be needed to maintain fish production at FY 1985 levels. Also, $44,000 will be needed to meet scheduled cyclical maintenance and minor equipment replacement requirements. The FWS and the BIA have initiated discussions regarding the funding that BIA can provide in FY 1986 and the actual work that will be undertaken.

Question: As you know, I have been very concerned about the proposed closure of the Alchesay Fish Hatchery and concommitant closure of the Parker Fishery Assistance Office. Could you explain for the record what events changed during Fiscal Year 1985 requiring a recommendation to suspend operations at these two facilities?

Answer: The funding issue related to these stations and others developed as a result of several budget and appropriation actions in FY 1983 and FY 1984. In FY 1983, the Fish and Wildlife Service budget proposed closure of 31 FWS-operated fish hatcheries, including Williams Creek Hatchery, and a number of fishery assistance offices, including the Parker Fishery Assistance Office, because these facilities served primarily non-national programs of States, Tribes, or other Federal agencies, or the facilities required extensive rehabilitation. The anticipated operational saving in the FWS budget was $101,000 from the closure of Williams Creek and $43,000 from the closure of Parker. These amounts were reduced from the FWS budget request. In the FY 1983 Appropriation, Congress terminated FWS funding for a number of hatcheries and fishery assistance offices, including the $144,000 associated with Williams Creek and Parker. However, the BIA requested and received funds to cover the operation of Williams Creek Hatchery, Pinetop FAO, and other facilities. The BIA subsequently contracted with the FWS to continue operation of Williams Creek in FY 1983 on a cost-reimbursable basis in conjunction with the Alchesay hatchery. The BIA also contracted with the FWS to continue other Indian-related hatcheries and Indian-related fishery assistance activities at Parker, Pinetop, and a number of other fishery assistance offices on a cost-reimbursable basis.

Based on the Congressional action in the FY 1983 Appropriation, the FY 1984 Department of the Interior budget proposed to transfer $152,000 in operations funding associated with the Alchesay hatchery from the budget of the FWS to the budget of the BIA since both units of the hatchery complex contributed primarily to the same Indian fishery programs. Congress accepted this proposal and provided this funding in the FY 1984 BIA appropriation. The BIA again chose to contract with the FWS to operate the Alchesay/Williams Creek complex in FY 1984 on a cost-reimbursable basis. Because operational costs for the Alchesay/Williams Creek complex were increasing annually due to inflation, the FWS contibuted as necessary to operation and maintenance in FY 1984. In FY 1984, Indian-related fish production costs at Alchesay/Williams Creek totaled $340,000, of which the FWS contributed $88,000. The BIA also continued to fund other Indian-related hatcheries, tribal (fishery) assistance activities at Parker, and several other fishery assistance offices on a cost-reimbursable basis in FY 1984. Total cost of BIA-contracted Indian-related activities conducted by the FWS in FY 1984 was approximately $1,893,750, of which approximately $1,744,050 was reimbursed by the BIA. Approximately $149,700 in costs were absorbed by the FWS.

When the FWS and the BIA initiated negotiations to continue the reimbursable contracts for Indian hatchery operations and fishery assistance in FY 1985, the FWS advised the BIA that it would have to terminate its contributions to operation of Alchesay/Williams Creek because of critical funding needs elsewhere in the FWS hatchery system. The FWS position is that the Alchesay/Williams Creek/Pinetop complex primarily supports tribal, on-reservation recreational fishing programs. The BIA has budgeted for these facilities in 1983, 1984, and 1985. However, the FWS contributed to operation of the facilities in FY 1983 and FY 1984. Although the FWS is willing to continue to assist the BIA in operating the facilities on a reimbursable basis, we cannot continue to divert funding from other high-priority FWS fish production responsibilities in order to contribute to what is clearly a BIA responsibility. The FWS estimated that approximately $1,872,000 would be needed in FY 1985 to continue all BIA-contract hatchery operations and fishery assistance activities at the same level as FY 1984, including approximately $341,000 for the Alchesay/Williams Creek complex. After reviewing the overall program needs/priorities versus the financial resources it had available, the BIA determined that it could make available only about $1,716,000, which included approximately $269,000 for operations and maintenance at Alchesay/Williams Creek. In negotiating the specific work that could be accommodated at this level of total funding, it was suggested that since the biologist position at the Parker office was vacant at the time, fishery assistance activities at that office could be terminated. Also, consideration was given to terminating fish production at the Alchesay unit in order to maintain full-capacity production at the Williams Creek unit, thereby providing maximum production with the available funding. However, further negotiations have been concluded and agreement has been reached under which the BIA and the FWS will provide an additional $78,000 and $40,000, respectively, that will allow for continued operation in FY 1985 of both the Parker Fishery Assistance Office and the Alchesay fish hatchery. Under the terms of the agreement, $42,000 will be available to continue Tribal fishery assistance activities at Parker and $347,000, including the $40,000 contributed by the FWS, will be available for operation and maintenance of Alchesay/Williams Creek. This will allow continued fish production at both the Alchesay and the Williams Creek units at the FY 1984 level.

Question: Why was the level of funding provided to the BIA to fund these facilities insufficient to cover the expenses of continued operation?

Answer: In development of the FY 1983 budget, an intensive review of the overall FWS hatchery system was undertaken relative to appropriate Federal and State roles in fishery management. It was in the context of this review that Williams Creek was proposed for closure by the FWS. Because of the importance to Tribal fishery programs of fish produced at Williams Creek, the BIA proposed to provide funding for Williams Creek through its budget, and requested and received funds to cover the operation of Williams Creek in 1983. The $101,000 was reduced from the FWS appropriation. The $152,000 tranferred from the FWS to the BIA by Congress in FY 1984 for Alchesay was based on FY 1981 operational cost data, the latest actual cost information available at the time of the initial review of the hatchery system.

The FWS agrees that by the time the total transfer was completed in FY 1984, this amount was inadequate because operation costs continued to increase in the interim. Therefore, it has continued to contribute to operation of the Alchesay/Williams Creek complex in FY 1983, FY 1984, and FY 1985 to allow the BIA time to budget for adequate O&M funding. However, the FWS cannot continue to divert critical funding from high-priority FWS hatchery programs in order to maintain a program that Congress has clearly indicated is the responsibility of the BIA. Therefore, the FWS proposes to terminate any contribution to the operation of the Alchesay/Williams Creek complex in FY 1986.

Question: Could you please provide for the record a detailed listing of the fish reductions, by Tribe, that would occur as a result of the proposed suspension of services.

Answer: Under the final FY 1985 funding agreement previously noted, there will be no suspension of services. If the Alchesay Unit of the Alchesay/Williams Creek complex were to be closed, all Tribes and reservations currently being provided fish would continue to receive fish, but at a reduced level. Reductions would be approximately as follows:

Tribe	Number of Fish Current	Number of Fish Reduced
Fort Apache	750,000	450,000
Fort Dowell	25,000	15,000
Hopi	11,000	6,600
Navajo	137,000	82,200
San Carlos	126,000	75,600
Salt River	10,000	6,000
Southern Ute	9,000	5,400
Zuni	89,000	53,400

Funding for Arizona Cooperative Research Units

Question: Compare the 1985 estimates to the new proposal in terms of funding and FTE for those units in Arizona.

Answer: The FY 85 estimate of expenditures for the two units in Arizona is $200,000 with 4 FTE assigned to those units. Our proposal for a combined fish and wildlife unit in Arizona would require an annual expenditure of $150,000 and an assignment of 3 FTE to that unit.

Sport Fish Restoration

Question: The Administration is seeking to have funding available to States from the Sport Fish Restoration Act on an annual rather than a permanent appropriation and to be limited to $44 million in 1986. Does this not go against the intent of Congress that States should receive grants for sport fish restoration programs from predetermined legislative formulas?

Answer: The proposal to convert the D-J program to an annual appropriation is not intended to go against the provisions of the D-J Act, but to give the Congress an opportunity to determine the funding level each year. We believe that the amount of funds appropriated each year should be subject to the scrutiny of need and purpose which is inherent in the budget process. This is consistent with sound fiscal management principles. The formula for allocation of available funds among the States is not affected by this Budget proposal.

Question: Why does the Service not include for disbursement revenues from the import duties on pleasure boats and taxes on marine fuels?

Answer: Those funds deposited in the Sport Fish Restoration Account of the Aquatic Resources Trust Fund derived from the import duties and the taxes on motorboat fuels will remain in the Aquatic Resources Trust Fund. However, we do not believe these amounts should be appropriated for use in FY 1986. The $6 million increase from excise taxes is nearly 16 percent above the 1985 level and is significantly better than the "freeze" or reduction facing most other Federal programs. If all three sources of revenue were made available in FY 1986, the program would increase by more than 200 percent.

Funds from import duties on pleasure boats and the motorboat fuels tax plus accrued interest and any additional deposits will be reviewed during the FY 1987 budget process.

Question: What will be the loss in revenue to Arizona if marine fuel taxes are not disbursed?

Answer: Deposits in the Sport Fish Restoration Account from motorboat fuel taxes are estimated at $57 million. If this amount was appropriated, it would be apportioned among the States in accordance with the formula in the D-J Act. Arizona's share of the $57 million would be approximately $1.2 million.

Question: What is the total amount due to the States from revenue received from import duties and marine fuel taxes?

Answer: Deposits to the Sport Fish Restoration Account from import duties and motorboat fuel taxes are estimated at $77 million in fiscal year 1985.

Non-Toxic Shot

Question: The 1986 budget allows for an increase in research and development for non-toxic shot. When can we expect to see a detailed plan on how the Service intends to address this problems?

Answer: A detailed plan has been prepared and is in process of being cleared for transmittal to the Congress. This plan specifies the various actions underway as well as actions that we are proposing to implement. The actions involve: waterfowl crippling losses between lead and steel shot and development of a profile of exposure to lead in waterfowl within specific geographical areas. In addition, we are monitoring lead levels in waterfowl on selected areas. In 1983-1984, 19 national wildlife refuges and state areas were monitored. In the 1984-1985 hunting season, we monitored 40 such areas. Through this approach we are getting a better handle on where lead poisoning problems exist and what portion of the population is affected. The plan is currently under review within the Department. We are hopeful that the plan will be available for transmittal to the Congress in the near future.

Dam Safety

Question: Does the Service have any structurally defective dams in Arizona that have a high or significant hazard rating?

Answer: The Service does not own any dams in Arizona that have a high or significant hazard rating.

Fish Hatcheries

Question: Could you provide a detailed breakdown of expenses incurred by FWS in the operation of the Alchesay Fish Hatchery and the Parker Fishery Assistance Office in FY 84 and FY 85?

Answer: The Alchesay fish hatchery is one unit of the Alchesay/Williams Creek hatchery complex, which also includes the

Pinetop Fisheries Assitance Office, that is operated by the Fish and Wildlife Service on a contract (annual agreement) basis for the Bureau of Indian Affairs (BIA). The BIA is responsible for budgeting for operations and maintenance of the complex. Actual FY 1984 and planned FY 1985 costs associated with operation and maintenance of the Alchesay/Williams Creek hatchery complex are as follows:

	FY 1984	FY 1985
Salaries and benefits	$228,000	$243,000
Operations - utilities, vehicle fuel, fish feed, etc.	106,000	84,000
Cyclical maintenance	27,000	20,000
Total	$361,000	$347,000

Of the total FY 1984 cost, approximately $340,000 was for fish production for tribal-related stocking programs, of which approximately $252,000 was reimbursed by the BIA and $88,000 was absorbed by the FWS. The balance of FY 1984 expenditures included about $5,000 in reimbursable funding provided by the Department of Defense for limited fish stocking on certain military bases and about $17,000 from FWS quarters rental receipts that was used for maintenance and rehabilitation work on the quarters at Alchesay/Williams Creek. The planned FY 1985 amount shown represents cost of tribal-related activities only, of which $307,000 will be reimbursed by the BIA and $40,000 will be absorbed by the FWS.

Actual FY 1984 and planned FY 1985 costs associated with operation of the Parker Fishery Assistance Office are as follows:

	FY 1984	FY 1985
Salaries and benefits	$39,000	$40,000
General operations	6,000	9,000
Total	$45,000	$49,000

Approximately $40,000 in FY 1984 and $42,000 in FY 1985 was or will be reimbursed to the FWS by the BIA for Indian-related fishery assistance activities. The balance of the funding, including $7,000 in FY 1985, is provided by the FWS for fishery work on national wildlife refuges.

Question: Do you expect these operating expenses to change or remain the same in FY 86? If they are expected to change, please explain why?

Answer: The FY 1985 costs at Alchesay/Williams Creek include approximately $327,000 for operations and $20,000 for cyclical maintenance. If the BIA desires that fish production be retained at generally the same level, FY 1986 operating costs should be approximately the same, except for inflationary cost increases. If, on behalf of the tribes, the BIA should desire to increase production levels, an appropriate increase in operational funding would be required. Scheduled cyclical maintenance in FY 1986 will require approximately $44,000 and scheduled vehicle replacement approximately $18,000. Since the BIA is responsible for funding of the Alchesay/Williams Creek complex, the Service expects that BIA will provide all funding necessary for the desired operations activities and maintenance in FY 1986.

In regard to the Parker Fishery Assistance Office, the Service expects the BIA to continue approximately the same level of funding as FY 1985 for Indian-related fishery assistance work in FY 1986. The FWS plans to continue approximately the same level of refuge-related fishery work at Parker.

Question: What are the specific costs necessary to continue the operation of these two facilities in FY 86?

Answer: The specific costs will be determined by the level of activity desired by the BIA. If fish production and other activities are retained at approximately the FY 1985 level and scheduled vehicle and maintenance needs are fully met, BIA-reimbursed costs will be approximately as follows:

Alchesay/Williams Creek	
Salaries and benefits	$255,000
Operations - utilities, vehicle fuel, fish feed, etc.	97,000
Vehicle replacement	18,000
Cyclical maintenance	44,000
	$414,000
Parker	
Salaries and benefits	39,000
Operations - utilities, vehicle fuel, equipement, etc.	5,000
	$ 44,000

Question: Have the funds been budgeted to cover all expenses? If no, why not?

Answer: The FWS and the BIA have initiated discussions regarding operation and maintenance of the Alchesay/Williams Creek hatchery complex and the Indian-related fishery assistance activities at the Parker Fishery Assistance Office in FY 1986. The estimated funding needs above have been provided to the BIA. Further discussions will determine the level of operations and activities that can be undertaken within the funding available to BIA in FY 1986.

Question: Does the Service expect to continue the operation of these offices in FY 86?

Answer: The Service is willing to continue to operate these facilities on a cost-reimbursable basis in FY 1986 if the BIA so desires. However, as stated, the Service cannot continue to divert funding from its program responsibilities to enhance programs that are the responsibility of the BIA. Therefore, Service activities will be limited only to those for which the BIA can provide reimbursable funding. Should the BIA decide not to fund these activities, the Service would be forced to withdraw its capability.

Question: If not, where will the funds budgeted for these offices be spent?

Answer: The only activity that the FWS plans to fund at these stations in FY 1986 will be a limited amount of fishery management work on certain national wildlife refuges that will be conducted by the Parker Fishery Assistance Office. Funding for all other activities at these stations is the responsibility of the BIA. If the BIA should choose not to continue contracting with the FWS for operation of these stations in FY 1986, there would not be sufficient activity for the Service to retain a biologist at Parker and the Service would allocate the limited refuge-related work to other fishery assistance stations.

QUESTIONS SUBMITTED BY SENATOR QUENTIN BURDICK

Wetland Acquisition

Question: You may recall that the Continuing Resolution for Fiscal Year 1985 included bill language pertaining to the quantification of wetland areas:

> "Sec. 318. The Secretary of the Interior shall quantify, in cooperation with the Secretary of Agriculture and the Governor of North Dakota, and consistent with an agreement to be negotiated between the Secretary of the Interior and the Governor of North Dakota, the number of wetland acres, including a description by quarter section, subject to waterfowl production areas easements in each county; and the Secretary and the Governor shall develop a plan for the purchase of additional easement acres previously authorized by the Governor."

What is the status of this quantification study?

Answer: In cooperation with the State, a pilot study was conducted from April to September 1984 to determine the extent of time and costs to map all pre-1976 easements. In addition to this information, the pilot study found a general lack of interest on the part of landowners. The results of the entire pilot study are being reviewed by State personnel.

Question: When can we expect completion of this study?

Answer: The pilot study has been completed. Estimates to complete quantification range from 5 years, if 38 FTE's are used full time or 10 years if 19 FTE's are used full time. The cost ranges from $8.4 million to $13.4 million depending on the length of time, procedure used and personnel involved.

Question: Why hasn't there been any movement on the quantification?

Answer: The Department does not have funds or staff to pursue quantification of all wetlands subject to easements. The pilot study draft report was not completed in time for this initiative to be considered in the Service's FY 1986 budget cycle.

Also, the lack of landowner interest and high personnel and time costs found by the study make the cost/benefit ratio of the full quantification project questionable.

Question: Several years ago, in 1981 and 1983 the state of North Dakota passed a law which prohibited the Fish and Wildlife Service from acquiring additional land until a management plan--prepared jointly by the Secretary of Interior and the Governor--was approved. I understand that the plan was submitted to the Governor last month. Can you explain how the state was involved in preparing this plan?

Answer: The North Dakota Game and Fish Department participated in development of the study. The State game and fish personnel then reviewed the draft plan and provided comments and input.

Question: Can you explain why the Fish and Wildlife Service has continued to acquire land in spite of a state law which prohibits acquisition until the management plan is adopted? I have a list of 11 easements covering nearly 3,000 acres which were purchased since September 1983.

Answer: The acquisition program has resumed on a relatively small scale, based on the court decisions which established that State law could not hinder this nationally important migratory bird habitat acquisition program. The State has been informed of these acquisition activities.

Question: With regard to the management plan, I have been made aware of several criticisms from the state. I would appreciate your addressing these criticisms and you may provide your responses for the record.

The plan does not address a fundamental problem created by refuges and waterfowl production areas: The FWS is using refuges and waterfowl production areas to frustrate water management activities in North Dakota.

Answer: The State has not formally commented on the management plan. Therefore since we do not know the exact nature of the criticisms to which you refer, we cannot respond with specifics. When comments are received from the State, the Service will respond. In the meantime, the Service will continue to protect wetlands and waterfowl habitat in North Dakota in order to comply with international treaties and Federal legislation and to serve the needs of waterfowl and other wildlife resources.

Question: The plan does not address the failure to meet payment-in-lieu-of-tax commitments made to the state.

Answer: The plan addresses concerns enacted as law in 1982 by the North Dakota legislature. That law states that a management plan must be developed by the United States and approved by the legislative assembly and Governor before any land or interests in lands for migratory bird reservations can be acquired with money from the Migratory Bird Conservation Fund until December 31, 1985, or until the date a management plan for such land is approved by both the legislative assembly and the Governor, whichever date is first. The plan, therefore, had to address: 1) the extent and general locations of all proposed acquisitions, 2) the management of all such lands, whether already acquired or to be acquired, and 3) the relationship of such acquisitions to federally-financed or permitted projects. Payments-in-lieu-of-taxes was not an issue to be addressed by the plan.

The Refuge Revenue Sharing Act of 1935, as amended, authorizes the Service to make payments to counties in which Service lands are located. The law classifies Service lands as reserved lands (reserved from the public domain) or fee lands (acquired). Revenue - sharing payments are not made to counties for lands held in easement by the Service. Should the Service be successful in acquiring additional waterfowl habitat in fee, revenue - sharing payments will be made in accordance with the Refuge Revenue Sharing Act. The FY 1986 budget contains an appropriations request of $5,645,000; it is currently estimated that this level of appropriations (plus receipts from revenue-producing activities) would enable 58 percent of full entitlement payments to be made in FY 1986.

Question: The FWS consistently maintains that it has easements on 758,654 wetland acres in North Dakota, but it actually is controlling all wetlands on 4.8 million easement acres. Secretary Watt and Governor Olson established a program to delineate the 758,654 wetland acres, and Congress directed that the delineation be accomplished, but the FWS has resisted completion of the program.

Answer: The 758,654 acres you cite are the wetland acres encompassed by the waterfowl production area easements. The easement agreements with landowners limit their right to burn, drain, level or fill wetlands or wetland vegetation within a legally described boundary. This legally described boundary is the 640-acre section or a subdivision of the section, within which the wetlands are located. Land other than wetlands within the land description are not subject to the terms of the easement so long as their use does not cause the wetlands to be drained. The easement acreage goals, as approved by the Governor of North Dakota, are wetland acres. The 4.8 million acres of legal subdivision lands within which the wetlands are located are not included.

The results of the pilot study need to be analyzed and discussed before embarking on a program to map wetlands on 11,315 easements scattered throughout 39 counties in North Dakota. The State is now reviewing this study and a meeting with Governor Sinner has been scheduled.

Question: The plan states that the FWS intensively manages its refuges and waterfowl production areas. Please elaborate on how this is achieved.

Answer: Primary Fish and Wildlife Service objectives in the prairie pothole region of the country dictate an intensive management regime. Since this area of the country is one of the primary breeding areas for waterfowl, habitat manipulation geared toward improving duck reproduction is critical. Where the Service owns management rights to the habitat, refuges and WPAs in North Dakota are intensively managed to enhance nesting and brood rearing habitat to enable waterfowl to hatch and develop to flight stage. Management activities include restoration of nesting cover through burning, reseeding, or creation of dense nesting cover. Also, the Service constructs dikes, dams, ditch plugs, water control structures, nesting islands, and peninsulas. Prairie wetlands are sometimes restored mechanically or by blasting to facilitate ample water for brood rearing and adjacent nesting activity. In addition, nesting habitats are protected by fencing, predator control, and easement acquisition and enforcement.

Farming is done on some refuges and WPAs (owned in fee) by refuge staff or through cooperative agreements with refuge neighbors. This is done to provide food for migratory birds, with secondary benefits accruing to resident species of birds and mammals.

Question: The plan frequently mentions a 2.5 million acres waterfowl production area national objective to preserve "a minimum of 75% of the remaining important wetlands", but p. 17 of the plan states that the revised objective is 3.8 million. This would mean the plan contemplates preservation of all remaining important wetlands plus about one-half million unimportant wetlands.

Answer: The 75 percent figure relates only to the Waterfowl Production Area (WPA) acquisition goals (1,750,000 acres in 1961 and 2,500,000 acres in 1976), not to the total waterfowl habitat (refuge and WPA) goals (2,500,000 acres in 1961 and 3,800,000 acres in 1976). The following table is excerpted from page 17 of the Draft North Dakota Migratory Bird Habitat Acquisition Plan and is included to further clarify the different acreage goals for the lower 48 states.

Table 1
Original and Revised Nationwide Objectives
for Habitat Acquisition

	Original (1961) Objective (acres)	Revised (1976) Objective (acres)
Major Refuges	750,000	1,300,000
Waterfowl Production Areas		
Fee (wetland + upland acres)	600,000	900,000
Easement (wetland acres)	1,150,000	1,600,000
TOTAL	2,500,000	3,800,000
Unscheduled	1,220,000[1]	
Federal Water Projects	780,000	700,000[2]
GRAND TOTAL	4,500,000	4,500,000

[1] The revised objective in essence allocated the previously "unscheduled" 1,220,000 acres to refuges and waterfowl production areas.

[2] Federal Water Projects were expected to be reduced as federal agencies utilized nonstructural approaches.

Animal Damage Control

Question: Last year you will recall that the Senate Report and the Conference Report included language relating to the establishment of a direct control program for blackbirds.

The Conference Report said:

"The managers agree that blackbird depredation of sunflower and rice crops is growing and expect the Service to include a proposal in the fiscal year 1986 request to develop direct control programs that will not be harmful to other populations and are effective in reducing blackbird populations. This program should be reviewed by the advisory commission established by the managers as proposed in the Senate Report."

Although I have noted several references to blackbird control in your 1986 budget request, I do not find any proposal to establish direct control programs.

Has the FWS established the advisory commission mentioned in the Conference Report? If so, explain what its role has been.

Answer: The Denver Wildlife Research Center has developed a list of recommended individuals who meet the 1985 Conference report's specifications for composition of advisory Committee. The formation of that Committee is in progress. The list of names was provided to Congress via the Director's letter of April 8, 1985. During the remainder of this fiscal year, the Service plans to (a) complete review of procedures for establishment of such a committee, as specified in the Federal Register (Vol. 48, No. 83, pp. 19324-19331); and to (b) complete as much of the process as possible.

Question: What priority has been assigned to this program by FWS?

Answer: The Service places high priority on the direct control program, especially in encouraging the development of direct control tools/techniques. Emphasis has been placed on direct control in future program direction.

Question: Does the FWS have any specific concerns about the program that Congress should be aware of?

Answer: The Service has concern that needed techniques for direct control of blackbirds be developed prior to submitting a budget proposal, since the work cannot be accomplished without the necessary techniques.

Question: As you are probably aware, there is considerable Congressional support for transferring the Animal Damage Control Program from the Department of Interior to the Agriculture Department. It is my understanding that the White House and former Secretary Clark supported this transfer, and that a legal opinion from the Solicitors at Interior and Agriculture are expected soon.

To what extent have you been involved in these discussions about a transfer?

Answer: The FWS has revised the Secretarial issue document concerning the proposed transfer and it is being considered in the Department. The pros and cons of the best organizational placement for the ADC program are now being very closely examined by the Department.

Question: When might we expect the Solicitor's opinion to be available?

Answer: The Solicitor's Office has not been requested to provide a formal opinion and is not presently working on one. However, the Solicitor's Office has opined informally that the ADC functions were effectively transferred from Agriculture to Interior by the Reorganization Plan of 1939, No. II, section 4(F), U.S.C. appendix and to retransfer the ADC function to the Department of Agriculture would require an act of Congress because the reorganization plan act has expired.

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

Fishery Research

Question: Mr. Jantzen, I understand that the Fish and Wildlife Service' budget request for Resource Management represents an increase of approximately 41 percent when compared to the FY 1980 appropriation. Is that correct?

Answer: That is correct in terms of total Resource Management funding.

Question: I note that, within Resource Management, the budget request for Refuge Operations and Maintenance is up 88 percent, Hatchery Operations and Maintenance is up by 32 percent, and Law Enforcement is up by 52 percent over the same period. What have been the principal reasons for increases in those selected areas?

Answer: Since FY 1980, 39 new refuges have been added to the National Wildlife Refuge System. ANILCA alone added nine new refuges and greatly expanded seven existing refuges to add more than 53 million acres to the system. This has resulted in substantially increased refuge operation and maintenance costs. The cost of doing business, especially salary and equipment costs, has escalated greatly since FY 1980 and also contributed substantially to increased operation and maintenance costs. Additionally, there has been a major initiative by the Administration, the Accelerated Refuge Maintenance Management Program ($17.2 million in FY 1986) designed to improve the conditions of Service facilities, and a major Congressional initiative to resolve Resource Problems ($5.0 million beginning in FY 1985) on the National Wildlife Refuge System.

The change in hatchery O&M funding involved both increases and decreases associated with numerous specific actions that have been implemented. Much of the increase results from annualization of Federal salary increases over this period. Some major program changes that have occurred include new O&M funding for operation of Iron River NFH, Makah NFH, Bears Bluff NFH, Sunderland Atlantic

Salmon Station, and a number of other new facilities that have come on line during this period; the transfer of operation of a number of hatcheries to the BIA, States, or other local governments resulting in a decrease of $2.6 million in operational funding; and several general increases for operations and maintenance ($1.3 million in FY 1981; $1.5 million in 1982; $1.3 million in FY 1985) to increase fish production for specific purposes or to cover the increasing O&M costs. The overall change is the net effect of these and other actions of lesser magnitude.

The Law Enforcement activities of the Service have been increased through two major increases. First, following a review of the Service's May 1983 report requested by the Senate Appropriations Subcommittee, "Special Agent Funding and Cost," Congress added $3,287,000 to the FY 1984 budget for law enforcement. As directed, operations were enhanced at the field level, the inspection program was maintained, fishery and endangered species protection was increased and an accelerated equipment replacement schedule implemented with this increase. Then in FY 1985, Congress added $1,250,000 for 20 additional wildlife inspectors to expand coverage at both designated and non-designated ports-of-entry.

Question: Over the same period of time, it appears that Research and Development has not fared nearly as well, has it?

Answer: The overall change in Research and Development does appear to have been less significant, except in the case of Endangered Species research which has more than tripled.

Question: Why has Habitat research declined by 5 percent over this period and why have Fishery research and Wildlife research had relatively modest increases of 5 percent and 12 percent, respectively?

Answer: Funds available for Habitat Research have declined over the last five years for several reasons. Research funds have been decreased in part to provide for increases in field operation activities. Because the Administration has placed greater emphasis on the balanced development of the Nation's natural resources, field operations efforts have been given high priority in an attempt to ensure expeditious and scientifically objective review of proposed development activities. Recent increases in pre-development consultation and permits and licenses review are examples. Similarly, increasing concerns in Congress and throughout the Nation over the pervasiveness of chemicals and other contaminants in the environment and the impacts of the substances on fish and wildlife, have led to an expanded resource contaminant assessment and field effort. Furthermore, it has been determined that some research activities formerly funded with FWS base funds should more appropriately be funded with reimbursable money from Federal agencies responsible for development impacts. Examples are recent reductions in coal and mineral activities, a large portion of which are now being funded by BLM and OSM.

A major program change occurred that significantly affected the Fishery Research funding base. That was the termination of the Reservoir Research Program in FY 1983 with the removal of approximately $0.9 million from the Fishery Research base. Other major changes were several general O&M increases ($.1 million in FY 1981; $.3 million in FY 1982), an increase of $.6 million in FY 1984 for the Wellsboro laboratory and tumor research, and an increase of $.4 million for the Gainesville and Hagerman laboratories in FY 1985.

Several significant changes to the Research base funding have occurred over the past five years. Decreases have occurred as a result of the closure of 3 field stations (Hilo, Hawaii; Bend, Oregon; and Olympia, Washington) and a general reduction in Operation and Maintenance funding. Several budgeted increases, including $0.9 million for the Wildlife Health Laboratory; $0.5 million for Arctic nesting geese; $0.2 million for animal damage control; increases for several small waterfowl projects, and pay annualization have resulted in the net increase of about 12 percent.

Question: Is this because you have become especially efficient in conducting research over the last five years, or is it simply easier to defer research until budget constraints are eased at some future date?

Answer: The Service is always striving to increase the efficiency of all its activities, including the operation of research facilities and the conduct of the research itself. We believe we have increased the overall efficiency of our research operations in recent years by such things as modernizing scientific testing equipment, streamlining administrative operations, and consolidating facilities. As with any program, there is always additional research you would like to do if funding were available. However, the Service believes it has met the essential Federal fish and wildlife research needs with the funding that has been available.

In addition to that research done with appropriated funds, the Service has significantly expanded the research work it does for other agencies or entities on a reimbursable basis. For example, the Seattle National Fishery Research Laboratory has considerably expanded research on Pacific Salmon through reimbursement from the Bonneville Power Administration and other entities involved in or impacting on anadromous fish management in the Northwest. The LaCrosse National Fishery Research Laboratory and the Great Lakes Fishery Laboratory do research on such things as methods of sea lamprey control, assessment of Great Lakes fish populations, the effects of environmental contaminants, and the effects and impacts of habitat changes with funding provided by the Great Lakes Fishery Commission, the Bureau of Indian Affairs, the Environmental Protection Agency, the Corps of Engineers and others. In this way, the Service is able to further many of its own resource management objectives through research funded by and done for others.

Leetown National Fishery Center

Question: I am especially concerned about the National Fishery Center which is headquartered in Leetown, West Virginia. What has been the research and development funding history for the Leetown facility over the last five years?

Answer: Resource Management expenditures and Construction appropriations for the National Fishery Center for FY 1981 through FY 1984 follow.

	Resource Management Expenditures ($000)	Construction Budget Authority ($000)
FY 1981*	3,886*	100
FY 1982*	3,764*	668
FY 1983	2,247	0
FY 1984	2,244	0
FY 1985 (Planned)	2,269	0

* Expenditures for FY 1981 and FY 1982 include associated laboratories located at Cortland, New York; Wellsboro, Pennsylvania; and Marion, Alabama; that are managed through the Leetown National Fishery Center. Although still directed through the Leetown Center, the funding for these laboratories was identified separately in subsequent budgets.

Question: By what percent and by what dollar amount have pay, utilities, maintenance, and other costs at the Leetown Center increased over the last five years?

Answer: A breakout of expenditures in FY 1981 and planned expenditures for FY 1985 by the requested categories follows. The actual and percentage change is also indicated.

	FY 1981	FY 1985	Change	Percent Change
Salaries	1163	1795	+632	+54%
Utilities	112	160	+48	+43%
Maintenance	134	28	-106	-79%
Other	510	286	-224	-44%
Total	1919	2269	+350	+18%

Question: If overall funding for the Leetown Center has not kept pace with these increases, how have you absorbed the higher cost over the last five years?

Answer: Although, as indicated in the table, total funding is 18% higher in FY 1985 than FY 1981, the change in each category is not proportionate. Salary and utility expenditures are respectively 54% and 43% greater in FY 1985 than in FY 1981. The greater cost of salaries and utilities has, at least partially, been offset by commenserate decreases in the funding allocated to maintenance and other needs.

Question: What has been deferred or dropped entirely?

Answer: Essential requirements for the operations intended with the funding provided have been met. Some less essential activities have, at times, been deferred in order to make optimum use of available funds. Among other things, maintenance contracts for heating, ventilation, air conditioning, and mechancial systems have been reduced; grounds maintenance contracts have been reduced or, in some cases, cancelled; janitorial contracts have been substantially reduced in terms of work scope and frequency; and certain repairs and replacements have been deferred.

Question: Please provide in priority order a list of research projects which are not budgeted but which you are capable of initiating in FY 1986. Identify the additional personnel and funding levels associated with each project as well as any related construction work (such as pond rehabilitation for striped bass) that may be necessary.

Answer: If additional funding were provided for Leetown, it could be used for expanded or additional activities as follows:

National Fish Health Research Laboratory: Expand research on control of bacterial and virus diseases of striped bass and control of parasitic infections in Atlantic salmon.	$100,000
Aquaculture Production/Demonstration Unit: (Experimental hatchery) Expand research and development on the artificial propagation of striped bass.	$75,000
National Resource Awareness Unit (visitor facility): Funds were appropriated in FY 1981 to repair and renovate the old stone administration building into a combination visitors center/administration Building. Funding has not been adequate to make full use of visitor center capability. Additional funding could be used to obtain and maintain exhibits and keep the facility open to the public on weekends.	$65,000
General facility maintenance: Additional funding could be used to enhance custodial and general maintenance of the $20 million of capital improvements at Leetown.	$110,000
	$350,000

However, while these projects are useful additions associated with potential research activities at the laboratory, the need to control Federal spending is not consistent with funding these four improvements.

Question: I have been interested for some time in rehabilitating the existing fish ponds at the Leetown Center. I believe we have discussed this matter in the past. What is your current estimated cost to rehabilitate these ponds, and for what specific projects would they be used ?

Answer: The existing ponds were constructed in the early 1930's. Some minor rehabilitation was undertaken in the late 1950's. Many of the ponds no longer hold water and are not presently suitable for research purposes. Based on a recent engineering estimate, rehabilitation of the ponds would cost approximately $3.5 million.

If rehabilitated, the ponds could be used for research and development work relating to high-priority species and for fish culture training through the Fishery Academy. Some specfic uses would be:

- development and evaluation of pond culture production techniques for striped bass, sturgeon, and paddlefish.
- production of fish for research purposes at the Center, other FWS research laboratories, and cooperating States and universities.
- possible production of striped bass for restoration efforts in Chesapeake bay.
- production of fish for the Handicapped Fish Program at the NFC.
- research on fish species with potential as biological weed control agents.
- fish cultural demonstration projects relating to fish culture development.
- support of the Fishery Academy training program by providing a "hands on" fish culture training environment.

Question: Has a design review been completed for these ponds, and how soon could construction be initiated and completed?

Answer: Several design alternatives have been evaluated by the Service's Denver Engineering Center. If rehabilitation funding were provided, at least six months would be needed for decisions on the precise number, shapes and sizes of ponds, completion of the detailed construction design, and issuance of a construction contract. Actual construction would require an additional 12 months. The total project would require at least 18 months to complete from the time the funding is made available.

Question: Funding for construction of the visitor' center in the old stone building was made available several years ago. Partial funding for exhibits was also made available previously.

I understand that $54,000 is necessary to complete the visitors' center and related exhibits. Specifically, what would be funded with these monies?

Answer: If additional funding were provided for visitor center exhibits, it could be used as follows:

Installation of a display case and plaque mounting for fishery artifacts.	$2,000
Installation of an aluminum safety railing around fish display pools.	5,000
Installation of a push-button/continuous loop film or video display to introduce Service programs for selfconducted tours.	8,000
Installation of a push-button tape system for message on local fish and endangered fish for self-conducted tours.	1,000
Installation of lighting for main entrance sign to Visitors Center.	200
Purchase of furniture for Visitors Center.	5,500
Modification of public restrooms.	1,000
Installation of a wet lab display panel in exhibits.	500
Installation of a Hook'n Loop message board for poster sessions for self-conducted tours.	500
Purchase of rack for visitor brochures.	300
Development of poster on critical fishery resources.	5,000
Completion of landscaping around stone building.	7,000
Replacement of six, 150 gallon fish display tanks in aquarium.	18,000
	$54,000

Question: Please identify what could be done with another $130,000 for interpretation and recreation activities at the Leetown Center.

Answer: If additional funding were provided for interpretation and recreation activities at Leetown, it could be used as follows:

Construction of a diorama of watercycle and pollution sources.	$25,000
Construction of a viewing window and spawning display at the experimental hatchery.	3,000
Purchase of a TV monitor and tape unit for closed circuit programming of lab activities for public display.	6,000
Paving of the parking lot at the handicapped fishing area.	18,000

Paving of the trail from visitors center to fishing area.	17,000
Construction of a kiosk with a wayside exhibit at the handicapped fishing area.	9,000
Replacement of the bridge to the handicapped parking area.	36,000
Purchase of signs for the nature trail.	300
Construction of a wildlife overlook and boardwalk through the marsh.	15,700
	$130,000

Question: Please identify for the record which large cyclical maintenance projects at the Leetown Center have been deferred over the last few years and include the cost to complete each project.

Answer: A recent inventory of each structure/facility identified a number of maintenance projects such as reroofing, residing, painting, and interior repairs of buildings; inspection and maintenance of heating/cooling systems; and sealing coating of road and parking areas that are needed to bring facilities up to desired standards. The need, by Center component, is as follows:

Fisheries Academy	$ 12,400
Facility Management/Production Station	9,300
National Fish Health Research Laboratory	27,300
Residence Quarters repair and remodeling	33,000
Utility Systems Buildings, Storage, and EELUT Offices	85,500
Visitors Center and Administrative Offices	1,600
	$169,100

Question: Which of these cyclical maintenance projects have the highest priority?

Answer: The highest-priority needs are in the following components:

National Fish Health Research Laboratory	$27,300
Utility Systems Building, Storage and EELUT offices	85,000
Residence Quarters repair and remodeling	33,000
	$145,300

Question: What rehabilitation needs at the Leetown Center are not now being met, and how much would it cost to complete these in one year?

Answer: A recent review of facilities identified $321,000 in potential rehabilitation needs as follows:

National Fisheries Center:	
Install water and sewer to YCC Building.	$ 10,000
Install security/fire alarm system in all major buildings.	50,000
	60,000
Facility Management:	
Rehab of waste treatment facility and gas tank.	55,000
Install station security gates and fencing.	20,000
	75,000
National Fish Health Research Laboratory:	
Building and parking lot rehabilitation.	9,000
Aquaculture Production/Demonstration Station:	
Building and parking lot rehabilitation	25,000
Replace wooden bridge to rearing ponds.	30,000
Cover circular tank pad facility and install drain system for tanks.	52,000
Replace water supply line to reservoir B and install drain line to raceway #4.	53,000
	160,000
Fisheries Academy:	
Driveway and parking lot rehabilitation.	17,000
	$321,000

Question: Which of these projects are most important, and which could be deferred for one or more years without significant impact?

Answer: The highest-priority projects are:

Install security/fire alarm system in all major buildings	$50,000
Rehab of waste treatment facility and gas tank.	55,000
Replace water supply line to reservoir B, install drain line to raceway #4, and install tank drain system.	55,000
	$160,000

The remaining rehabilitation could be safely deferred for one or more years without significant impact.

Questions Submitted by Senator Ernest F. Hollings

Cape Romain National Wildlife Refuge

Question: Over the last several years, I have corresponded with the Fish and Wildlife Service (FWS) with regard to the Cape Romain National Wildlife Refuge. As you may know, I worked to get Cape Romain designated as a refuge and retain a deep interest in the proper management and development of this 55,066 acre sanctuary.

How many visitors were there to Cape Romain in 1984 and how does that compare to the previous 5 years?

Answer: In 1984, there were 93,000 visitors to Cape Romain National Wildlife Refuge. During the previous 5 years, the number of visitors to Cape Romain were: 61,346 in 1983; 66,706 in 1982; 40,686 in 1981; 37,163 in 1980; and 34,517 in 1979.

Question: As you know, I have been concerned that poor access is keeping visitors from enjoying this beautiful spot. On May 17, 1984, the FWS advised that bids were being solicited for a tour boat to provide transportation for refuge visitors between the mainland and Bull Island. What was finally worked out with regard to transportation to the refuge?

Answer: On August 1, 1984, a concession contract was issued to John Pryor for 5 years to provide boat transportation from Moores Landing to Bull Island. Use of this facility has been moderate. At the end of 1984, 359 people had used the tour boat. So far this year, about 350 people have used it.

Question: In the letter of May 17, it was also indicated that somewhat more than $140,000 was required to repair the dock facility at Bull Island. In summary form, what is involved and what is the current estimate of the cost of rehabilitating the dock and providing the additional facilities for public docking?

Answer: The total cost of the proposed project at Bull Island is $330,000 and will involve the strengthening of concrete walls at the docking facilities rehabititation of the docks, walkways, rails, tops, and pilings, and 1800 of electrical line. The funding breakout is as follows:

	$000
Rehabilitation of Concrete walls	140
Rehabilitation of docks, walkways, rails, tops, and pilings, and electrical line	190
TOTAL	330

The current facility is 15 years old and the back retaining wall is bowing badly. The proposed project would provide docking facilities for the public as well as rehabilitation of the concrete walls and Service docking facilities.

Question: Are funds budgeted for repairing the dock? If not, does the FWS still have the capability to use the funds if Congress provides the necessary funding for the repairs?

Answer: Yes, adequate funds are requested in FY 1986 budget. The Service has requested the full $330,000 to rehabiltate the existing facilities and provide the additional docking for the public. This is the only construction project requested for Region 4 in FY 1986.

Question: I am told that there are 430 wildlife refuges in the United States and that during the last two fiscal years, Congress has increased personnel strength for refuges by 60-plus positions. Only six refuges have been reduced, of which two are in South Carolina; Santee and Cape Romain. Have not the managers at Santee and Cape Romain requested additional personnel and why didn't they receive some additional staff like the others?

Answer: There are presently 428 units in the National Wildlife Refuge System. Reductions or increases in personnel at any station are based on an assessment of manpower needs in relation to the activities to be carried out. In past years, extra staff has been assigned to Santee NWR for training purposes, and these trainees have now been moved on to other stations. Cape Romain has not had any reduction in staff during the last several years. Given the opportunity, most refuge managers will be strong advocates for their station, requesting both more funding and more personnel. However, national and regional priorities must also be considered and the Service believes the current funding and staffing levels of these two refuges to be appropriate to meet station objectives.

Question: Am I correct that in fiscal 1985, Cape Romain was allocated $60,000 special project funds to drill a deep well? Why was that money subsequently withdrawn?

Answer: The $60,000 tentatively allocated for a deep well in FY 85 at Cape Romain NWR was dropped when a thorough review was made and the Regional Director determined this project would not be cost effective. Currently, water levels fluctuate with the rainfall, but this supply is generally adequate for the Service to meet its waterfowl wintering and management objectives. It is our opinion that the marginal increase in water availability provided by a deep well would not be worth the cost.

QUESTIONS SUBMITTED BY SENATOR DALE BUMPERS

Norfork and Greers Ferry National Fish Hatcheries

Question: Please verify the accuracy of the enclosed lists of maintenance needs for the Norfork and Greers Ferry hatcheries in Arkansas. Also, please identify priority items necessary for safe and efficient operation of these two facilities.

Answer: The maintenance lists you provided for the Norfork and Greers Ferry hatcheries require some corrections.

In regard to the list for the Norfork hatchery, current plans are to install six feed bins at a cost of $102,000 rather than four bins at $76,000 as indicated by the list. A total of $38,000 is programmed for two bins in FY 1986 with the remaining four to be considered in subsequent years. Also, rehabilitation of the aerator building and asphalt paving, and acquisition of the fish pumps, Cushman trucksters, and tractor will be completed in FY 1985 and should be deleted from the list. There are no major safety problems that require immediate attention.

In regard to the Greers Ferry list, the safety related electrical problem has been resolved, although further rehabilitation of the electrical system is desirable. Relative to other needs in the overall hatchery system, this and the other items will be considered, for funding in future years within the existing hatchery maintenance account.

Question: Why aren't health and safety items such as sewage treatment system replacement ($36,000) and installation of storm drainage, etc. ($14,000) not included in the FY 1986 budget for Norfork?

Answer: Serious health or safety problems are given highest priority consideration in the annual allocation of hatchery maintenance funds. The safety-related aspects of these items have been corrected and, although replacement is still desirable and should be accommodated at some future time, it is not of sufficient priority within overall needs of the hatchery system to be funded in FY 1986.

Question: Why isn't a safety item such as rehabilitation of the electrical system to the raceways ($9,000) included in the FY 1986 budget for Greers Ferry?

Answer: We have been assured by our regional office managers that the safety-related aspect of this item has been corrected. Further rehabilitation of the electrical system is desirable and will be considered, relative to other needs in the overall hatchery system, for funding in future years within the existing hatchery maintenance account.

Question: Why isn't the entire feed bin and elevator package ($76,000) for Norfork funded instead of only $38,000?

Answer: This work has been separated into phases so it could be completed with as little effect as possible on operations. The Norfork hatchery currently has four bulk feed bins. The two bins in the worst condition will be replaced in FY 1986 while the other two are being used to store food for continuing fish production. Following completion of the first two bins, installation of the remaining bins will be programmed for future years.

Question: If we are going to begin reducing this country's huge budget deficit we need to concentrate our expenditures on projects which are obviously cost effective as these fish hatcheries. Both hatcheries appear to be in need of major maintenance work and Greers Ferry has an expansion proposal which would double it's capacity. Doesn't it make economic sense to fund projects such as these which generate more in dollar returns than dollar expenditures?

Answer: The Norfork and Greers Ferry National Fish Hatcheries are certainly cost-effective facilities in terms of their production efficiency relative to other fish hatcheries. Also, the recreational fishery to which these hatcheries contribute probably has a significant impact on the economy of the local area. However, the Service must justify its contribution based on respective Federal and State responsibilities in management of the fishery resources and not based on the direct economic benefit derived from expenditure of Service funds at Norfork and Greers Ferry. In developing its budget, the Service must consider fishery resource needs nationwide and how to best address those national needs within the context of respective Federal/State responsibilities and within the limits of the funds appropriated to the Service. Economic impact is only one of several factors that the Service considers in developing programs and budgets.

Question: What is the Fish and Wildlife Service plans for funding the identified maintenance needs and expansion projects?

Answer: Maintenance needs at Norfork and Greers Ferry are considered along with overall maintenance needs throughout the hatchery system in allocating hatchery maintenance funds included in the Service's base. Considerable maintenance funding has been allocated to Norfork in the last several years to meet critical needs. The Service's budget request will provide for the essential maintenance needs in FY 1986.

In regard to expansion of these facilities, we believe one basic issue must be resolved before expansion can be properly considered. The Service recognizes the Federal Government's responsibility to mitigate impairment of fishery resources caused by Federal water projects. However, while fulfilment of such mitigation requirement is clearly a Federal responsibility, it is the position of the Department and the Service that provision of fish beyond that requirement is enhancement, clearly a State responsibility. Although the Norfork and the Greers Ferry hatcheries were constructed in connection with Federal water projects in Arkansas and are generally recognized as serving mitigation purposes, the specific mitigation requirements of these Federal projects have never, to the best of the Service's knowledge, been clearly delineated. The Service position is that before any expansion of Norfork or Greers Ferry can be considered, the legislative history of the associated Federal water development projects must be thoroughly researched; the pre- and post-project fish carrying capacity of the affected habitat must be assessed and a mitigation reference established; and agreement must be reached among concerned entities regarding the intended scope of the Federal mitigation responsibility.

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

Increased Funding for Endangered Species

Question: The Fish and Wildlife Service has information sufficient to list over 1,000 species and recovery plans waiting to be implemented for those now listed. What additional work could you accomplish in the areas of listing, recovery and State cooperative agreements, if you had an additional $3 million in appropriations for each of the three areas? If you had an additional $5 million for each area?

Answer: The additional listing work that could be accomplished with increased funding at the designated levels are estimated as follows:

	Number of species affected by proposed listing actions		
	Foreign	U.S.	Total
At FY 1985-1986 Funding Level	40	60	100
$3 million additional	40	105	145
$5 million additional	40	135	175

The factor that most determines the number of species that can be listed within a specified time period is the number of people who are available to contribute to the process. These annual projections assume an additional 15 FTEs for each $1 million increase in the appropriation. The annual output estimates shown in the above table are based on the 1984 rate of $60,000 appropriated and 1 FTE allocated to the listing subactivity for each U.S. species added to the U.S. List of Endangered and Threatened Wildlife and Plants. However, these listing actions would be attained only with additional FTEs. These positions would be involved with evaluating the results of status surveys, and preparing rulemaking packages for those candidate species deemed eligible for protection under the Act by being formally listed. These cost estimates also reflect other aspects of formally listing a species beyond just the drafting and administrative processing of proposed and final rules. These aspects include: compiling, screening, and republishing every 1 or 2 years of candidate species lists; proposing, reviewing, and overseeing contracts for status surveys; responding to petitions received on candidate species; conducting requested public meetings and hearings; printing all proposed and final rules, and annually reprinting the U.S. List of Endangered and Threatened Wildlife and Plants; compiling necessary economic information whenever critical habitat is proposed; conducting the 5-year reviews required by the Act (to evaluate continued listing status); and listing program management, oversight, administration, and communication with other interested parties.

Additional recovery funding would be directed in 2 thrusts: 1) high priority recovery tasks that would reduce the threat of extinction or significant decline for those species whose status is critical (the basis for the FY 1986 request to utilize prior year funding for high priority sea turtle recovery actions); and 2) those last few recovery tasks needed to recover a species and delist it. Examples of high priority recovery species/actions and their costs ($000) include:

Species/Action	Year 1	Year 2	Year 3	Year 4	Year 5
Sea turtles	470	470	470	470	470
Black-footed ferret	360	390	390	390	280
Alala (Hawaiian crow)	70	70	70	70	
SW U.S. cacti	50	50	50	50	50
3 Puerto Rico birds	215	190	190	190	190
Cui-ui	130	130	130	130	
Kirtland's warbler	100	100	100	100	
Patuxent propagation facilities	150	150	150	150	150

Whooping crane	255	235	215	120	120
Sea otter	470	470	470	470	470
Maryland darter	15	15	15	15	15
Ozark big-eared bat	40	40	40		
Masked bobwhite	35	35	35	35	35
Ash Meadows species	110	110	110	110	110
SW U.S. desert fish	80	80	80	80	60
Snail kite	40	40			
Genetic diversity study	135	135	135	135	
San Joaquin Valley analysis	70	70	70	70	
Colorado River fish species	460	460	460	325	325
Florida panther	70	70	70		
So. Cal. Habitat Conserv. Plans	150	150	150	150	
Grizzly bear	50	50	50	50	50
Navasota ladies'-tresses	20	20	20	20	
Aleutian Canada goose	250	250	250		
California brown pelican	20	20			
Santa Cruz long-toed salamander	20	20			
Utah Phacelia	10	10	10		
U.S. freshwater mussels	180	180	140	140	140
Red wolf	70	70	70	70	70
Attwater's prairie chicken	30	30	30	20	20
Guam avifauna	100	100	100	100	100
Mexican wolf	35	35	35	10	10
Sonoran pronghorn	40	40	40	40	
Small-whorled pogonia	20	20			
Wyoming toad	30	30	30		
Texas wild rice	10	10	10	10	10
Wood stork	40	40	40		
Houston toad	10	10	10	10	10
4 New England plants	20	20	20		
Yearly Subtotals	4,430	4,415	4,255	3,530	2,685

To date, 17 species have been identified as "recoverable" within a 5-year timeframe if funds were available to implement the remaining recovery actions necessary to delist. Costs ($000) per year are:

Species	Year 1	Year 2	Year 3	Year 4	Year 5
Owens pupfish	20	20	20	20	20
Borax Lake chub	10	10			
2 Eureka Dunes plants	15	15	15	15	
San Francisco garter snake	10	10	10	10	10
Little Kern golden trout	75	20	20	20	20
Watercress darter	5	5	5		
Green pitcher plant	15	15	15		
Furbish lousewort	15	15	15	15	15
Arizona trout	15	15	15	15	15
Gila trout	20	20	20	20	20
Truckee barberry	40	25	25		
Kendall Warm Springs dace	30				
3 SW U.S. plants	50	50	50		
Peregrine falcon	250	250	250	250	250
Yearly Subtotals	570	470	460	365	350
Yearly Totals	5,000	4,885	4,715	3,895	3,035

For FY 1985, 38 States submitted 296 proposals for cooperative grant funding under Section 6. These proposals totaled approximately $13.7 million, and included projects ranging from the Service's highest priority recovery needs (such as the California condor, black-footed ferret, and Colorado River fishes) to surveys for candidate species. The Service applied its established recovery priority system to evaluate and rank the merits of these proposals, using the criteria of immediacy of the threats faced by the species, and the importance of the project in reversing the threats. From this ranking process, the Service decided to fund 147 projects with the $3.9 million appropriated. These projects were both continuations of existing work and new starts. Examples of species represented include the California condor, Truckee barberry, and least Bell's vireo in California; nene in Hawaii; woodland caribou in Idaho; grizzly bear in Washington and Wyoming; Gila trout in New Mexico; manatee, sea turtles, crocodile, Florida panther, and snail kite in Florida; alligator in Georgia; Puerto Rico plain pigeon and yellow-shouldered blackbird in Puerto Rico; persistent trillium and loggerhead sea turtle in South Carolina; gray bat in Tennessee; sea turtles in the Virgin Islands; Plymouth red-bellied turtle in Massachusetts; Northern monkshood and Indiana bat in New York; black-footed ferret in Colorado, Montana, and Utah; whooping crane in Nebraska, Wyoming, and Florida; and forest birds in Guam.

Further, there were approximately $2-3 million worth of other projects that met the Service's funding priorities and would have been approved had additional funds been available. Based on a review of the FY 1985 submittals, and those of the two previous years, it appears that most priority projects submitted by the States could have been funded at an annual appropriation level of $6-7 million.

National Wildlife Refuge

Question: If you did not have a moratorium on land acquisition from the Land and Water Conservation Fund, how much money would you need to acquire land for the National Wildlife Refuge System in FY 1986?

Answer: The Fish and Wildlife Service will continue to acquire wildlife habitat during FY 1986 with carryover funds from FY 1985. The size of the FY 1985 land acquisition (Land and Water Conservation Fund) program was unexpected and, therefore, unable to be planned for, since the President's budget request was for $30 million with the final appropriation amounting to $63.218 million. No additional funds are required in FY 1986 for land acquisition.

Question: What refuges and potential refuges sites would be on your priority list of acquisitions? Please list in order of priority.

Answer: The following list represents the Service's current priorities for acquisition at a $40 million level. The acquisition management line item is also included.

Fish and Wildlife Service
Land and Water Conservation Fund
Federal and Acquisition Levels
FY 1986
($000,000)

Species/Unit, State	$10 Mill Level	$20 Mill Level	$30 Mill Level	$40 Mill Level
Lower Rio Grande Valley, TX	1.000	5.000	6.500	8.500
Hawaiian Forest Birds, HI	5.000	5.250	5.250	5.250
Ozark Big-eared Bat, OK		.650	.650	.650
Florida Panther/ Fakahatchee Strand, FL	3.000	5.000	7.000	5.000
Amargosa Pupfish/Ash Meadows, NV		.600	.600	.600
Lower Suwannee, FL		1.000	4.250	4.250
Key Deer, FL	1.000	1.000	1.000	1.000
San Francisco Bay, CA		1.500	1.500	1.500
Connecticut Coastal, CT			1.030	1.030
Minnesota Valley, MN			2.220	2.570
Great Dismal Swamp, NC/VA				2.500
Coachella Valley Fringe-toed Lizard, CA				5.000
Cape Charles, VA				1.900
Pahranagat Bonytail, NV				.250
Acquisition Management	1.500	1.500	1.500	2.000
	$11.500	$21.500	$31.500	$42.000

Predator Control on Kiska Island, Alaska

Question: The Fish and Wildlife Service has submitted to the Environmental Protection Agency an application for an experimental use permit. If approved, the Service will spend $250,000 to eradicate the Arctic fox from Kiska Island, Alaska. The Service will drop up to 100,000 single lethal dose baits, containing Compound 1080, over a period of two years. Eradication of the introduced Arctic fox is deemed necessary for the protection of the endangered Aleutian Canada Goose.

While reduction of fox populations may be necessary for the recovery of an endangered species, there seem to be many questions which have not been answered at this time, but which would seem to require an answer before an expense of this type is justified. For instance, the Service is not certain whether Arctic foxes are in fact limiting the breeding range of the goose.

Answer: When Vitus Bering's expedition reached the Aleutian Islands in 1741, red foxes occurred as far west as Umnak Island, and arctic foxes occurred only on Attu Island. There were no native land mammals on any of the interjacent islands. Aleutian Canada geese probably nested from the Islands of Four Mountains to Attu. These natural conditions existed until about 1836 when the Russian-American Company began introducing foxes to islands where they were not native. Widespread introductions did not take place, however, until the 20th century.

By 1914, leases were being issued which permitted exclusive use of particular islands for fox farming, and by 1937, foxes had been introduced on almost every Aleutian Island. All leases issued have since expired. There has been no commercial fox farming in the Aleutian Islands since World War II, but foxes remain on many islands.

The Aleutian Canada goose population was probably the most drastically affected of the numerous Aleutian bird populations impacted by the introductions of foxes. Today, natural breeding populations are known to exist only on tiny Buldir and Chagulak Islands. Foxes were not introduced to those islands due to their rugged shorelines, absence of natural harbors, and almost ever-present fog. An additional introduced goose population began breeding on Agattu Island in 1984, following fox eradication there in the 1970's.

Question: It is not certain what effect distribution of the highly toxic 1080 will have on other species, nor is it known how the availability of poisoned foxes, killed by a poison with known secondary effects, will impact island populations of raptors and scavengers.

Answer: The 1080 is scheduled for placement on Kiska Island during October to avoid exposure to raptors and scavengers that will have migrated from the area. During this period of the year foxes move toward the coast. Placement of the 1080 will be on or along fox trails leading to the beaches, but away from the open beaches in an effort to minimize danger to non-target species. Research has shown that 1080 is considerably less toxic to raptors than canids. Compound 1080 is not a culmulative poison like arsenic, is not mobile, and is not persistent. Few opportunities exist for any significant contamination of susceptible components of the environment beyond the Arctic fox target species. Except for cannibalizing canids, it is practically impossible for animals to be killed by feeding on the carcass of a canid killed by Compound 1080.

Question: In view of these unanswered questions, can we justify spending $250,000 on this program, particularly when there is a threat of harm to non-target species?

Answer: This program should be funded for the following reasons:

1. Foxes are in fact limiting the breeding range of the endangered Aleutian Canada goose.
2. There will be very few non-target species on Kiska Island during the control period.
3. Precautions have been designed into the project to minimize danger to non-target species.

SUBCOMMITTEE RECESS

Senator McCLURE. The subcommittee will stand in recess until 2 p.m. Wednesday, March 6, at which time we will review the fiscal year 1986 budget estimates for the strategic petroleum reserve and the Office of Emergency Preparedness.

[Whereupon at 3 p.m., Tuesday, March 5, the subcommittee was recessed, to reconvene at 2 p.m., Wednesday, March 6.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1986

WEDNESDAY, MARCH 6, 1985

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 2 p.m., in room SD–192, Dirksen Senate Office Building, Hon. James A. McClure (chairman) presiding.

Present: Senators McClure and Leahy.

DEPARTMENT OF ENERGY

EMERGENCY PREPAREDNESS AND THE STRATEGIC PETROLEUM RESERVE

STATEMENTS OF:

JAN W. MARES, ASSISTANT SECRETARY FOR INTERNATIONAL AFFAIRS AND ENERGY EMERGENCIES

WILLIAM A. VAUGHAN, ASSISTANT SECRETARY FOR FOSSIL ENERGY

ACCOMPANIED BY:

BARTON R. HOUSE, DEPUTY ASSISTANT SECRETARY FOR ENERGY EMERGENCIES

LAWRENCE A. PETTIS, DEPUTY DIRECTOR, STRATEGIC PETROLEUM RESERVE

DONALD L. BAUER, PRINCIPAL DEPUTY TO THE ASSISTANT SECRETARY FOR FOSSIL ENERGY

OPENING REMARKS

Senator MCCLURE. Good afternoon.

This is the time scheduled to review the fiscal year 1986 budget requests for the Emergency Preparedness Program and the strategic petroleum reserve. The fiscal year 1986 request for emergency preparedness is $5,873,000 and the use of $175,136,000 of unobligated funds from prior years would be used in fiscal year 1986 for SPR. These requests represent programmatic decreases of $347,000 for emergency preparedness and $272,054,000 for SPR.

In addition, because of the indefinite moratorium of further development of the strategic petroleum reserve no funds are requested for off-budget petroleum acquisition and transportation and $827,028,000 of currently available funds is proposed to be deferred.

Representing the Department this afternoon will be Mr. Jan Mares, Assistant Secretary for International Affairs and Energy Emergencies, and Mr. Bart House, Deputy Assistant Secretary for Energy Emergencies; and Mr. William A. Vaughan, Assistant Secretary for Fossil Energy, and Mr. Larry Pettis, Deputy Director of the strategic petroleum reserve.

PREPARED STATEMENTS

We again welcome all of you to the subcommittee. As is our custom, if you have others you would like to introduce who may be testifying or appearing with you today, your full statements will be made a part of the record in full at this point and we will proceed directly to the questions.

[The statements follow:]

STATEMENT OF JAN W. MARES

Mr. Chairman and members of the Subcommittee, it is my pleasure to appear before you today in support of the President's budget proposals for FY 1986 for the Office of Energy Emergencies. I am accompanied by Mr. Barton R. House, Deputy Assistant Secretary for Energy Emergencies.

The budget for the Office of Energy Emergencies is designed to support the goals and strategies set forth in the National Energy Policy Plan (NEPP). The overall goal of our national energy policy is to foster an adequate supply of energy at reasonable costs. This means assuring sufficient energy to meet our Nation's short and long-term needs, while avoiding excessive dependence on any single source of supply where interruption of that supply would jeopardize our economy or military and strategic capabilities. The strategy for achieving DOE's energy goal is twofold:

- Minimize Federal control and involvement in energy markets, while maintaining public health and safety, and environmental quality;

- Promote a balanced and mixed energy supply system.

The goal of the Department's Energy Emergency program is to reduce the Nation's vulnerability to energy supply disruptions. If a disruption were to occur, the Department would attempt to mitigate its effects as much as possible through the timely implementation of those plans and programs I intend to discuss today. Our energy emergency preparedness policies and programs are founded on our commitment to two basic approaches.

First, the Administration is firmly committed to the free operation of energy markets for the production and distribution of resources both during periods of adequate energy supply and during periods of energy shortage. Past experience has demonstrated that policies that intervene in the normal operation of the market, either during crisis or non-crisis situations, simply do not work.

Second, as a complement to market operations, the Administration is committed to the maintenance of a viable Strategic Petroleum Reserve (SPR). The SPR is a strong "insurance policy" which effectively provides the U.S. with the capability to offset lost supplies thereby mitigating the impacts of an oil supply disruption. The SPR, with approximately 489 million barrels of oil by the end of FY 1985, represents approximately 108 days of net oil imports at a 1984 net import rate of 4.5 million barrels per day. Given reduced per capita U.S. energy consumption, the projected SPR size of approximately 489 million barrels, and the overriding need for government to reduce the size or the Federal deficit, we are now proposing a moratorium on SPR purchases.

U.S. participation and cooperation within the International Energy Agency (IEA) further assists in assuring mutual preparedness in the event of a major supply disruption.

Energy emergency preparedness plans and programs are designed to facilitate market operations and enhance the capabilities of the various energy industries to respond to an emergency. Ongoing preparedness activities focus on information and data gathering and analysis, assessments of the impacts of developing situations, and public communications tasks necessary to enhance energy preparedness.

The realignment, in FY 1984, of DOE's energy emergency preparedness programs under the Assistant Secretary for International Affairs and Energy Emergencies has proven to be an important step in enhancing international energy security activities. This realignment has improved the management of a number of complementary activities in line with the Administration's strong commitment to effective management in government.

FY 1985 ENERGY EMERGENCIES PROGRAM

During FY 1985, we will continue a number of activities designed to complement the free-market approach to emergency preparedness. These activities include:

- Supporting international energy security programs such as:
  - technical support for IEA and NATO programs including participation in a NATO exercise, WINTEX/CIMEX-85, and preparations for the IEA's Fifth Allocation System Test (AST-5), scheduled in early FY 1986;
  - classified energy security tasks assigned by the National Security Council; and
  - evaluating alternatives for improving coordination of IEA member stock release policies.
- Developing strategies to enhance and implement the Administration's policy of early SPR use during an emergency including:
  - evaluating and quantifying the benefits of an early SPR drawdown including its stabilizing effect on the market during emergency situations;
  - revising as necessary the administrative, decision-making and distribution procedures for the sale of SPR oil;
  - initiating any appropriate program modifications based on policy changes arising from legislation.
- Supporting national defense preparedness including:
  - assessing the national defense energy requirements necessary to support military readiness;
  - planning for implementation of Defense Production Act priority and allocation authorities to meet defense needs during a national emergency;
  - participating in classified defense readiness studies and exercises designed to ensure the Department's ability to support defense mission requirements in a national emergency.
- Supporting an energy emergency operations capability to enable the Department to respond appropriately to energy emergencies and carry out continuity of government responsibilities, by developing specialized information systems, participating in readiness exercises, maintaining support facilities, enhancing electronic mail service and other communications systems, implementing the Department's Emergency Coordinator program, and supporting special classified interagency projects.
- Completing a number of assessments of the vulnerability of U.S. energy supply networks to sabotage and accidents.
- Analyzing, in cooperation with other Federal agencies, economic response measures designed to mitigate the adverse impacts of severe energy supply disruptions on low- and fixed income households.
- Ensuring that the public, Congressional representatives, State and local officials, and private sector organizations are informed of government policies and capabilities, both during emergency and non-emergency situations, and have the opportunity to participate in the policy development process.
- Supporting the National Defense Executive Reserves, which can augment DOE staff with industry expertise in the event of a national emergency.

- Monitoring world oil markets and energy supply and distribution networks, through the development of data and information systems, in order to be prepared to provide senior decision-makers with assessments of impacts of impending severe energy supply disruption.

FY 1986 EMERGENCY PREPAREDNESS BUDGET REQUEST

The FY 1986 budget request for the Office of Energy Emergencies is $5.9 million, a decrease of $172,000 from the FY 1985 appropriation. A summary follows:

($ in thousands)

	FY 1985a/ Appropriation	FY 1986 Request
Emergency Planning	$ 700	$ 655
Emergency Operations	402	428
Program Direction	4,939	4,790
Total Emergency Preparedness Operating Expenses	$ 6,045	$ 5,873

a/ Net of 2901 rescission of $51,000.

During FY 1986, we will be responsible, in coordination with other Departmental elements, for overall development, implementation, testing and evaluation of Departmental energy emergency preparedness capabilities, policies, plans and operations (excluding nuclear accidents). Special emphasis will be placed on evaluating the potential impacts on our economy and national security of severe oil supply disruptions. In conjunction with others, we will obtain and interpret necessary information on energy markets, geopolitical situations and other relevant information to monitor and assess impacts of oil supply disruptions on supply availability, the U.S. economy, and national security. In carrying out these efforts, we will continue emphasizing the development of in-house planning and operations expertise to implement budget objectives. I will now provide a description of activities for each major component of emergency preparedness.

EMERGENCY PLANNING

The FY 1986 budget request for Emergency Planning is $655,000, a decrease of $45,000 from the FY 1985 appropriation. The request will provide contract support for FY 1986 preparedness exercises, including funds for econometric modeling, completion and implementation of automated situation analysis/decision support system software; and work on classified energy security tasks assigned by Presidential Executive Orders or the National Security Council.

Enhancing Supplies. We intend to further refine SPR drawdown procedures and will continue planning activities for the early release of the SPR during major supply emergencies. As a part of this effort, we will continue to assess the impacts of changing industry conditions, other emergency preparedness response measures, and statutory and regulatory requirements or impediments, e.g. Jones Act waiver procedures, on SPR drawdown and distribution procedures.

Supporting International Energy Security Activities. To ensure that the United States can meet its international energy obligations, we will continue to support IEA, NATO and other international energy emergency preparedness programs. During FY 1986, this will include participation in the IEA's Fifth Allocation System Test (AST-5). This test will provide an opportunity to train personnel for energy emergencies, test communication systems and procedures, and further enhance the IEA's and the U.S. Government's energy emergency planning process. Our support for energy security objectives will include participating in a number of NATO energy emergency activities, such as the NATO Wartime Oil Organization training session. We will support the analysis of bilateral energy security issues. We will participate in interagency coordination activities to maintain standby interagency intelligence information and analysis teams to respond to emergency situations.

Contingency Planning and Policy Analysis/Evaluation. We will analyze policy responses which could mitigate the adverse impacts of severe energy supply disruptions. This will include an evaluation of possible economic response measures. Our evaluations of tests and exercises and contingency planning activities will focus on improved management options to ensure an effective organizational response to energy emergencies.

Supporting Defense Programs. To ensure that critical energy needs of the Department of Defense and related defense and national security agencies are met, we will work with other Federal departments and agencies in the development of procedures for responding to Defense Production Act and Jones Act waiver requests. We will also continue to analyze, in cooperation with the Department of Defense, defense energy needs under various energy emergency scenarios. We will be participating in a number of biannual national defense readiness exercises.

EMERGENCY OPERATIONS

Our FY 1986 request for Emergency Operations is $428,000, an increase of $22,000 over the FY 1985 appropriation. This request will provide contract support for unique automated data services provided from various sources, including specialized computer programming and data services; support for electronic mail service for communicating with State, local governments, and the private sector; and commercial timesharing services for private sector data sources. Our data activities will support multiple missions including the various Continuity of Government operational requirements.

Energy Emergency Public Communications. Activities designed to develop a strong energy emergency public communications capability will include increasing our emphasis on public information on the Strategic Petroleum Reserve, our role in the International Energy Agency, the changing world oil market and U.S. government energy emergency preparedness policies and programs. The current public communications program effort will continue to identify processes and systems which need to be in place during an energy emergency to assure dissemination of accurate and credible information in a timely fashion. Our target audiences will be the Congress, State and local governments, the general public and industry. Energy emergency public communications planning will maintain the flexibility to meet changing conditions.

We also will maintain operations readiness to respond to various contingencies for continuity of government purposes during severe energy supply disruptions. Considerable effort will be devoted to implementation of Emergency Mobilization Preparedness Board taskings, Continuity of Government directives, the Emergency Coordination program, and certain special classified interagency projects.

Assessing Risks to Energy Supplies. During FY 1986, we intend to complete a major vulnerability assessment on refineries. We will also facilitate the implementation of certain cost effective findings from the various vulnerability studies previously completed. Where possible, we will develop generic strategies to assist in the mitigation of adverse impacts of energy disruptions. Additionally, we will continue to produce a number of assessments including assessments of the Nation's energy systems resulting from actual or potential "near-term" disruptions and seasonal assessments of the national energy supply outlook. An important tool in furthering risk assessment activities is the continued development of the Energy Situation Reporting System (ESRS), which is designed to provide current information on various aspects of the national and international energy supply system. The ESRS is also used to fulfill DOE Continuity of Government data requirements and supports the development of the Decision Support System.

PROGRAM DIRECTION

The balance of the request includes $4,790,000 for program direction costs, salaries and administrative support, a decrease of $149,000 from the FY 1985 appropriation. This request would decrease the Emergency Preparedness Program to 71 FTE's from the FY 1985 level of 72 FTE's.

This concludes my formal statement on our FY 1986 budget request. I will be pleased to answer any questions you may have.

STATEMENT OF WILLIAM A. VAUGHAN

Mr. Chairman and members of the Subcommittee, it is my pleasure to appear before you today in support of the President's policy and budget proposal for the Strategic Petroleum Reserve. I am accompanied by Mr. Richard D. Furiga, Deputy Assistant Secretary for the Strategic Petroleum Reserve.

Several policy changes are proposed for the Strategic Petroleum Reserve in fiscal 1986 as part of the President's budget request. I would like to briefly discuss these major policy changes in my opening remarks and then submit my entire statement for the record.

Administration Policy on the Strategic Petroleum Reserve

The Administration proposes a moratorium on the Strategic Petroleum Reserves oil fill and storage capacity development at the end of fiscal 1985. By that time, the Reserve's inventory will have reached approximately 489 million barrels. We would bring new construction work at all sites to an orderly conclusion and beginning in 1986 maintain all sites in a standby readiness condition.

The Administration continues to believe that strategic oil storage is an effective way to reduce the nation's vulnerability to disruptions in the supply of foreign oil. The Reserve is today, and will remain, a key element of our energy emergency preparedness policy. However, since the Reserve is similar to a national insurance policy, we must continually balance the costs of added insurance against the level of risks we face as a nation and the protection afforded by the substantial inventory already in the Reserve.

In weighing these judgments during the budget formulation process, the Administration was mindful of a number of key facts:

First, it is clear that the nation's energy situation has improved significantly in recent years. Net petroleum imports have declined from 46 percent of total U.S. oil consumption in 1977, the peak year for imports, to 29 percent in 1984.

In 1977 the oil we imported from OPEC countries amounted to 34 percent of our total consumption; in 1984 the amount dropped to only 13 percent. In 1977 seventeen percent of our total oil consumption originated from Arab OPEC members; today the level is only five percent. In 1977 fourteen percent of our oil came from the Persian Gulf; today only three percent comes from that region of the globe.

Placed against the backdrop of this improving energy situation, it is clear that the 489 million barrels to be in storage by the end of this fiscal year represents a very significant strategic asset to the U.S., one that, in fact, is comparable to the level of protection envisioned when the previous Administration announced plans for a 750 million-barrel reserve in 1978.

In 1978 the projection of daily net oil imports for 1985 ranged from 7 to 11.5 million barrels. Based on these projections, a 750-million barrel reserve would hold the equivalent of 65 to 107 days of net imports. In other words, 65 to 107 days was the target for oil protection when the 750-million barrel reserve level was announced.

Today, based upon the most recent estimates of our prospective 1985 import levels, a 489-million barrel reserve represents approximately 108 days of net imports -- more protection than we had anticipated from the completed 750-million barrel reserve when first planned.

Consequently, with the proposed moratorium, we can maintain the same level of protection while saving taxpayers a significant amount of money.

There are other factors worth considering: Crude oil stocks in today's Strategic Petroleum Reserve are fully available for use during a supply disruption. Although we have never been required to call upon the Reserve, its very existence has served to reduce the potential for overreaction in the oil market to events in the Persian Gulf region.

Certainly, the Reserve has, and under our policies will continue to have, the potential to serve this function.

The government has invested substantial funds in the Strategic Petroleum Reserve. By the end of this fiscal year, our total investment for the 489 million-barrel Reserve will reach approximately $16.7 billion. That investment, coupled with a more diversified, competitive world oil market, has provided this nation with substantial protection against the potential for oil import reductions in the foreseeable future. It would take a very unusual combination of events to create the type of supply disruption which the Reserve was designed to mitigate but which could not be adequately addressed with the 489 million barrels we plan to store.

For these reasons, we believe our proposed moratorium reflects both an appropriate energy policy and a fiscally-sound budgetary policy.

Changes in FY 1985 Activities

We will continue to fill the SPR at an average annual rate of 159,000 barrels a day through FY 1985. Currently 13.8 million barrels of crude oil remain to be acquired which will bring our end-of-fiscal year 1985 inventory to 489 million barrels. Leaching activities for Phase II caverns at Bryan Mound and the exchange cavern at Bayou Choctaw will be essentially completed at the end of FY 1985 when activities will be suspended. The Phase II caverns at West Hackberry will be 76 percent completed. Phase III drilling and surface construction currently under contract for West Hackberry and Bayou Choctaw will be completed but no leaching of these caverns is planned. Ongoing construction under contract at Big Hill will be concluded, and the site will be maintained in a condition that would permit resumption of construction at a later date as oil market and fiscal conditions warrant.

FY 1986 Budget

The FY 1986 budget proposal for the Strategic Petroleum Reserve submitted by the President on February 4, 1985, is intended to implement the moratorium policies outlined previously.

Overall, we are proposing that a total of $1,098 million of funds available for obligation in FY 1985 be withdrawn from use this year. This includes a deferral of nearly $271 million in the "on-budget" Strategic Petroleum Reserve appropriation, principally to reflect the moratorium on Phase III development, and the deferral of $827 million in SPR Petroleum Account funds previously classified as "off-budget." This latter deferral reflects the decision not to proceed in late FY 1985 to acquire oil for delivery in FY 1986.

We propose to obligate approximately $175 million of the on-budget funds in FY 1986 to continue distribution enhancements and to provide for ongoing operation and maintenance of the Reserve's facilities in a standby condition.

Storage Facilities Development and Operations

The fiscal year 1986 request for Storage Facilities Development and Operations is $160,736,000, a decrease of $80,046,000 from the fiscal year 1985 obligation plan, as revised, due to the proposed moratorium on facilities development after fiscal year 1985. For fiscal year 1985, this policy is reflected in a proposed deferral of $254,721,000 in balances of available appropriations for Storage Facilities Development and Operations. Beyond fiscal year 1985, all obligations will be classified in the Non-Phase Specific category.

Phase I - There are no funding requirements for Phase I since construction of the Phase I facilities was completed in 1980.

Phases II and III - Phase II involved the ongoing expansion of three Phase I sites by 290 million barrels and Phase III planned capacity had been 200 million barrels.

In view of the proposed moratorium on oil fill after fiscal year 1985, no further development funds are requested for either Phase II or Phase III in fiscal year 1986.

Non-Phase Specific - This fiscal year 1986 request for Non-Phase Specific activities is $160,736,000. Non-Phase Specific budget category was established in fiscal year 1981 to finance SPR facilities requirements which are not directly associated with specific development phases of the SPR.

With the suspension of new capacity development at the end of fiscal year 1985, all sites will be placed in a standby operations mode and operation and maintenance of the sites will be funded from the Non-Phase Specific category beginning in fiscal year 1986. This change in funding sources is the principal reason why obligations in this category are projected to increase in fiscal year 1986 over the fiscal year 1985 level.

The major subcategories of the Non-Phase Specific category are:

(1) Engineering services that apply to overall program activities rather than the initial development of a specific phase or site. The proposed fiscal year 1986 funding level is $4,000,000 and would be applied to geotechnical, systems and other engineering activities.

(2) Operations including operations and maintenance, security, utilities, and ongoing environmental requirements for all sites. The proposed fiscal year 1986 funding level is $106,736,000.

(3) Capital Improvements address the need for modifications to existing facilities to assure that mission objectives can continue to be met. Projects in this category usually require engineering support. These projects are identified as a result of continuing assessments of system reliability, capability, vulnerability, and operational performance.

The obligation level for fiscal year 1986 is $18,000,000. The primary focus is on providing deluge sprinkler systems at all operating sites, consistent with the recommendation of the Industrial Risk Insurers (IRI). In addition, a maintenance structure will be provided at Bryan Mound, and additional site lighting at Sulphur Mines. Design and engineering support will be furnished by the SPR engineering contractor and construction management services will be furnished by the management, operations, and maintenance contractor, which is scheduled to begin work in the spring of 1985.

(4) Distribution Enhancements is a new function within the Non-Phase Specific budget that reflects the emphasis of the Department in maintaining the ongoing readiness of the Reserve for use during an emergency drawdown. The fiscal year 1986 budget request follows Congressional approval of a fiscal year 1985 reprogramming action addressing the need to enhance SPR distribution capabilities. The Congress concurred in the portion of the proposal recommending construction of a pipeline from Bryan Mound to the Texas City area and associated terminal modifications, plus the modifications to the Sun Terminal in Nederland, Texas. The completion of these enhancements by 1987 will provide a maximum initial distribution rate of up to 3.25 million barrels per day for a 489 million-barrel system.

The planned obligations of $42,334,000 in fiscal year 1985 would be used primarily for long-lead materials (line pipe); planning/assessing activites including environmental, right-of-way acquisition, and design of the Bryan Mound pipeline and related enhancements. The planned obligations of $32,000,000 in fiscal year 1986 would be for construction of the pipeline.

Program Direction

The fiscal year 1986 Request for Program Direction is $11,400,000, a decrease of $890,000 from the fiscal year 1986 base as enacted in the fiscal year 1984 Second Supplemental Appropriations Act.

Program Direction funding provides for all salaries and expenses necessary to plan and manage the SPR, including personnel at headquarters in Washington, and those at the Oak Ridge Operations Office (ORO) and at the Project Management Office (PMO) in New Orleans. In addition, the administrative overhead costs for the PMO in New Orleans are funded from this category.

The major funding change in Program Direction occurs in personnel compensations and results from a reduction in staffing level made possible by the proposed moratorium and from a proposed five percent reduction in fiscal year 1986 Federal salary levels. Fiscal year 1985 obligations are based on 173 full-time equivalents (FTE's). The fiscal year 1986 request is based on 120 FTE's. Personnel services related costs for this staffing, including travel, are based on past experience and current trends.

Planning and Management Support

The fiscal year 1986 request for Planning and Management Support is $3,000,000, a decrease of $2,600,000 from the FY 1986 base, as enacted in the fiscal year 1984 Second Supplemental Appropriations Act. The fiscal year 1986 level of funding will be derived from funds proposed to be deferred in fiscal year 1985. Fiscal year 1985 obligations will be held to $5,200,000.

The Planning and Management Support budget funds several different kinds of information gathering, analysis work, and management and technical support to provide both SPR and DOE management officials with information used in making near-term and long-range management and policy decisions governing the accomplishments, goals, and objectives of the SPR program.

Petroleum Acquisition and Transportation

Funds for Petroleum Acquisition and Transportation are appropriated to the SPR Petroleum Account for the purchase of crude oil, marine and pipeline transportation, customs fees, terminalling charges, environmental taxes and other necessary oil acquisition-related expenses. Pursuant to the provisions of the Energy Policy and Conservation Act (EPCA) as amended, funds in the Account may also be used to finance costs associated with a drawdown of the Reserve. Additionally, the Federal receipts from a drawdown and sale of SPR oil would have the effect of creating additional budget authority for refilling the Reserve in subsequent periods.

The Strategic Petroleum Reserve will be filled at an average rate of 159,000 barrels a day in fiscal year 1985, increasing the total inventory level from 431.1 million barrels at the end of fiscal year 1984 to an estimated 489.1 million barrels at the end of fiscal year 1985.

Pursuant to the Administration's proposed policy to suspend oil fill at the end of fiscal year 1985, no funds are requested in fiscal year 1986 for Petroleum Acquisition and Transportation, and it is proposed that funding in excess of requirements for fiscal year 1985 deliveries of 159,000 barrels a day be deferred. Based on the current estimate of the total cost for those fiscal year 1985 deliveries, $827,028,000 of the off-budget SPR Petroleum Account funds is proposed for deferral.

This concludes my testimony, Mr. Chairman. I will be pleased to answer any questions you or Members of the Subcommittee may have.

NO-YEAR FUNDING FOR EMERGENCY PREPAREDNESS

Mr. VAUGHAN. Mr. Chairman, with me at your far right and my far left is Donald Bauer, my Principal Deputy in Fossil Energy.

Senator McCLURE. Thank you very much.

Since its inception 1-year appropriations have been used to fund the Emergency Preparedness Program. This year you are proposing to change this 1-year funding to no-year funding.

What programmatic benefits would be derived from this flexibility?

Mr. MARES. The reason that we are seeking no-year funding, Mr. Chairman, is because our program for the contract dollars for our program are now down to relatively low levels compared to what they have been in the past. We conduct a series of tests, of course, some of which are right near the end of the fiscal year or the beginning of a subsequent fiscal year. If we are in single-year funding and we do not get our procurements awarded to allow us to get the support for a test, we run the risk of losing that funding. By the time another fiscal year starts we are in bad shape in order to be able to support the test. It would give us a great deal of assistance in ensuring that we are able to adequately get contracts awarded in order to support particular test activites that we perform.

Senator McCLURE. Does this have anything to do with the proposal with respect to the SPR moratorium?

Mr. MARES. It has nothing to do with it whatsoever.

SPR DRAWDOWN TESTS

Senator McCLURE. In your request from last year you were making plans for a SPR drawdown test to be performed in fiscal year 1985.

Has this test been held?

Mr. MARES. There have been tests of the strategic petroleum reserve, which Mr. Vaughan can address in the course of his testimony. There was, in fact, a test in fiscal year 1984 and further tests are planned.

Senator McCLURE. But nothing has been done in fiscal 1985 so far?

Mr. MARES. Not to date.

Senator McCLURE. What did the tests in 1984 reveal?

Mr. MARES. The tests dealt primarily with training and testing essential procedures and mechanics. Are you talking about the tests at the SPR sites or the international agency type of tests?

Senator McClure. At the SPR site.

Mr. Mares. I would rather defer that to Mr. Vaughan.

Senator McClure. Mr. Vaughan.

Mr. Vaughan. Essentially, Mr. Chairman, a test at the sites is designed to train personnel and to test the equipment's capability to actually move oil. That is the perennial question that we all are concerned with: Can you pump the oil up out of the caverns and get it to the distribution points? And that is what the series of tests has been about.

There have been a number of them over the past 4 years, all of which, to answer the question you asked Mr. Mares a few moments ago, have proved that the reserve has consistently exceeded its design capacity to be able to pump oil up and deliver it to distribution points.

SPR DISTRIBUTION ENHANCEMENTS

Senator McClure. One commercial pipeline that was an integral part of the distribution from SPR went out of business and you were faced with the necessity of replacing capacity. Has that been done?

Mr. Vaughan. I think you are referring, Mr. Chairman, to, as we have used as a term in SPR, distribution enhancements. We have had one pipeline actually go out of business and we have another that is in the process of going out of business and being converted from oil to natural gas.

I think the important thing to focus on is why they are changing. They are changing because the refineries along those pipelines are no longer in business. So even if they still are capable of pumping oil, there is no refinery along that line that needs oil.

This presents the SPR program with the problem of maintaining its capability to distribute oil to the oil industry, and we have designed a SPR Enhancement Program which is essentially a series of interconnections with the distribution system that the oil business uses on a day-to-day basis, such as interconnections into barge and shipping docks, to enable us to be able to physically distribute the oil.

That program is still funded fully in our request with the exception of those portions which were related to the Big Hill project, which, of course, is involved with the moratorium. So the portions of the SPR enhancements that were related to making the Big Hill project have greater accessibility, of course, are eliminated. Those which are designed for the rest of the program are still fully funded and under way.

Senator McClure. When will they be completed?

Mr. Vaughan. In 1987 we will complete everything.

Senator McClure. That represents some slippage in the target date, does it not?

Mr. Vaughan. My recollection is, Senator, no, it does not. We stay on the plan scheduled years ago in the ability to deliver.

DISTRIBUTION RATE

Senator McCLURE. What would be the pumping rate delivery capability when those are in place?

Mr. VAUGHAN. It would be 3.25 million barrels a day.

Senator McCLURE. Why when we state the days of supply that is available in SPR do we relate it to the total volume of SPR and total volume of imports, ignoring the planned capability to remove from SPR? Isn't the rate of removal the really essential rate, not just the mathematical computation of quantities in storage and the amount of imports?

Mr. VAUGHAN. If I understand your question, sir, the rate of removal is really dependent upon two figures. It is dependent on how much volume you have and how many sources you have for distributing the oil. When we put in moratorium a major portion of the program like Big Hill you do take out of the program several delivery points. So you do cut down the volumetric ability per day.

Senator McCLURE. Mr. Secretary, what I am really getting at is, when we talk about whether we should continue purchases for SPR and what our stockpile goals should be, we tend to revert back to the question, well, Congress intended in the beginning to have about 105 days of supply on hand and the administration now points out correctly that with decreased imports you have that number of days of supply on hand at a lower total volume. But isn't the essential question how rapidly you can get it out? If you have 105 days of supply on hand but it takes you 1 year to get it out, that is quite a different question, isn't it?

Mr. VAUGHAN. It is a different question, but let me say, Senator, that I think a factor that is very important in that kind of consideration is what are your levels of imports. That helped determine back some years ago what the supposed ultimate size ought to be and what the delivery on a daily basis ought to be.

One of the things that has happened is that the level of daily imports to the United States is somewhat different and its sources are somewhat different, thus our judgment that the vulnerability to cutoff is somewhat reduced, we think significantly, and, therefore, one does not need the same levels of capability that I think everyone thought we needed several years ago.

Senator McCLURE. That is a fair comment and I think one the Congress will consider as well. At least I hope Congress will consider that as well. But what I am trying to draw out is that it is the capacity to remove from the strategic reserve that really determines how useful the reserve is in meeting a shortfall of imports.

Mr. VAUGHAN. I would concede that.

Senator McCLURE. If you have 1 billion barrels in reserve and get out 300,000 barrels a day, your ceiling is 300,000 barrels a day.

Mr. VAUGHAN. Surely.

Senator McCLURE. It doesn't matter how much you have in there in terms of how much you can use in a short period of time; isn't that correct?

Mr. VAUGHAN. Yes; there is certainly no argument over that, sir.

SPR READINESS POSTURE

Senator MCCLURE. Maybe we ought to focus a little bit more about the usable rate and the usable days and the amount of interruption that might put us into some difficulty.

If Congress agrees with the SPR moratorium and the SPR objective is changed from one of filling the reserve to one of standby readiness, do you intend to hold any additional tests other than the one that is scheduled for fiscal 1985? If so, how many would be necessary and what would their cost be?

Mr. VAUGHAN. Mr. Chairman, I think the best way for me to answer that question is, we intend to be in the testing mode as a function of standby readiness, in my judgment, for the remainder of the life of this program. It is one of its characteristics, in my judgment, if it is properly managed, to constantly test its ability to do its function.

Senator MCCLURE. As I understand it, you said the test that we had in 1984 had two primary functions and results. One was the training of personnel and the other is the testing of the physical facilities, whether they worked and what their capacity was.

Mr. VAUGHAN. Right, sir.

Senator MCCLURE. If I understand you, that would be in your mind an ongoing activity for both reasons.

Mr. VAUGHAN. Absolutely. For both reasons. You need to repeat that. It's sort of like what we have the military do, go through exercises, make sure everybody knows what they are doing and why, and, in fact, make sure the equipment can perform as it was expected to perform.

Senator MCCLURE. Are those tests reflected in your budgetary request?

Mr. VAUGHAN. Yes.

Senator MCCLURE. What is the amount of money included for those purposes?

Mr. VAUGHAN. If we can, sir, we will provide that for the record. The actual testing and pumping of oil inside our own facilities is not an extraordinarily expensive item, but we will give you a projection of that.

Senator MCCLURE. If you would, please.

[The information follows:]

COST OF SPR DRAWDOWN TESTS

There have been no drawdown tests conducted thus far in fiscal year 1985, and any drawdown test related costs have only been for planning purposes. However, in February of fiscal year 1984, the SPR did conduct a test involving the drawdown of approximately 1 million barrels from the West Hackberry storage site, at an estimated incremental SPR cost of $183,000 for electrical power, operations and maintenance contractor support, and terminalling.

Additionally, during June and July 1984, the SPR held a drawdown training exercise related to drawdown management and sales procedures; however, there were only minor contractor costs as this test primarily utilized existing SPR resources and did not involve oil movement.

IMPACT OF MORATORIUM

Senator McClure. What will be the impact on the Emergency Preparedness Program if Congress agrees with the SPR moratorium?

Mr. Vaughan. The kind of short answer to your question, Mr. Chairman, is we believe that there will be no adverse impact from a national perspective. We believe the risks we will be taking will be reasonable risks, if I understand the thrust of your question.

I would point out to you that this moratorium is just what that word says. It is something that we would expect to be able to review on a continuing basis. As distinguished from a program that is stopped and put in remission, this is very consciously a program put in moratorium with an ability to be resumed at the originally planned size and rates or larger if indeed we determine that this is in the best interest of the country.

Senator McClure. Mr. Mares, would you care to supplement that?

Mr. Mares. I agree with his answer. Silence does not mean disagreement at all; it means in this case support that the moratorium on the fill of the strategic petroleum reserve does not, in our judgment, adversely affect the energy security of this country.

Senator McClure. I think Mr. Vaughan used the term it will not adversely affect. Reasonable judgment implies, first, that there is some impact, second, the judgment says it is not unduly adverse, if I understand the English language and you intend to employ it in that manner; am I not correct?

Mr. Vaughan. I certainly intended to employ it in that manner, Mr. Chairman.

Senator McClure. But there is some impact.

Mr. Vaughan. It's a series of judgments.

Senator McClure. But there is some impact. It increases risks but not unacceptably. It decreases costs.

Mr. Mares. Absolutely. We wouldn't say that having one further barrel wouldn't provide whatever quantum of added security that it is judged to provide. But judging the level of the strategic petroleum reserve today relative to the current supplies, current usage, current imports, diversity of supplies, our judgment is that it is appropriate to request a moratorium on the fill.

RISKS OF SPR MORATORIUM

Senator McClure. I know we will be in a debate on this in this committee and in the other committee and on the floor of the Senate as well as in the other body. The rationale which the administration applies seems to me important. The reason for the question is not to be argumentative, but to elicit from you the best arguments you have so that we understand what the administration's position is.

I have likened it to an insurance policy. Surely the insurance salesman will tell you your family needs more insurance. Looking at your family budget, you decide you can't afford any more. But there is a risk involved in that, because certainly I am underinsured. I know that, but

I am not saying that to my insurance salesman. I don't want anyone calling me as a result of that comment, but I suspect I will get some.

I suspect all of us make that kind of a judgment on a daily basis, but it is against some kind of a rationale; it is against some kind of a judgment. It is easy to summarize that by saying, well, there is no adverse impact, it's a reasonable judgment. But what is the impact? How much did it expose us? What are the reasons you decided it is an acceptable increase in exposure.

SPR LEVEL OF PROTECTION

Mr. MARES. I think there is a combination of points, including the one Mr. Vaughan talked about, and your question on the days of supply that exist when you also talked about the usable supply. When one looks at usable supply and looks at historical changes in oil supplies, you find that the usable supply, as you characterize it, is substantially in excess of any interruption that has been experienced to date. Using that definition, the supply to the Nation is more than the 108 days. In fact, in 1984, excluding SPR imports, it was 180 days, I think.

The judgment about the appropriate size of the strategic petroleum reserve is one thing at its current prospective level of 489 million barrels. That is quite different than when it was at 105 or 200 or 300 million barrels. The added insurance value that the Nation received by going from 100 to 200 to 300 to 400 million barrels is quite different from what you get in terms of going from 489 million barrels to any higher number.

I think you are well aware that the stated policy is in the event that it became desirable to use SPR, that it would be used early in a disruption and generally at maximum amounts. That is in order to give the economy a chance to adjust to whatever the disruption is, and the early period of that adjustment is the most important in terms of the economics for the Nation. So to the extent that the supply were to be increased above 489 million barrels it is not likely to be used in the early stages of the disruption but in the later stages of disruption when its economic value is a lesser value than in the early stages.

Those are the sorts of considerations that have been taken into account in reaching the administration's judgment that we should recommend that there be a moratorium on the fill for fiscal 1986.

WORLD PETROLEUM SUPPLY SITUATION

Mr. VAUGHAN. Mr. Chairman, I think there are a couple of other factors that Mr. Mares didn't mention that are also weighed here: The relative level of imports; also the rather significant change in the sources of supply. That is not to say that one would not feel the impact of any kind of interruption of the world market, but one certainly is much less exposed when larger portions of one's supply come from sources that are closer to home, particularly in the same hemisphere and from different sorts of sources politically. Our major suppliers now are Mexico, Canada, and Great Britain, rather than the OPEC countries.

I realize that we still all exist in an international oil market and eventually we will feel impacts.

Senator McClure. Do you really think it is eventually? Do you think the Mexican Government is going to continue their deliveries to the United States if they can make another $10 a barrel somewhere else immediately? Would they fudge on their supplies? Do you think the Venezuelan supply would come to us as readily at current prices if they could easily divert those supplies in the short market to something that would yield $10 or $15 a barrel more? Just in economic terms.

Mr. Vaughan. If you get the ante high enough, I guess you can always argue that there will be some changes.

Senator McClure. A few million barrels times 10 is several million dollars.

Mr. Vaughan. It surely is. I do think that is a factor; however, I think because of the fact that our relationships as members of the International Energy Agency are much improved and the fact that our fellow members of that organization also have engaged in stockpiling, we in the Western World are more secure. Not totally secure by any stretch, and I don't think any of us ever contemplated having total security.

Mr. Mares. May I add to that. Today, and for at least several years to come, there appears to be substantial excess of production capacity in petroleum compared to the demand. We also see that the decisions that energy consumers are making tend to be ones with energy efficiency being quite significant. The capital stock of the world as it is replaced tends to be replaced with a much more energy efficient facility than its predecessor, so the demand for petroleum is not expected to rise at the rates that it rose before. I think that there are going to be several years wherein there is going to be a significant excess of supply over demand, which adds to the collective security.

ROLE OF THE STRATEGIC PETROLEUM RESERVE

Senator McClure. What role does SPR play in terms of global conflict? Is it a short-term, temporary or marginal interruption weapon, or is it intended to have a measurable impact on security in the event of a much larger conflict?

Mr. Mares. It is probably all of the above. It is limited by the size at the particular time. If I remember correctly, the basic motivation for the SPR was from a strategic standpoint, which recognized the possibility of an economic sort of disruption that would allow us the ability to adjust our economy to a different level of supply than it was prior to a disruption.

Senator McClure. My memory is the same as yours, that it was not intended nor debated in the Congress as an attempt on our part to have adequate supplies in the event of a global conflict. The reason I ask that question is it changes the nature of the debate. I just want to make sure I understood what the administration's feeling was in that regard.

ALLOCATION SYSTEM TEST NO. 5

According to your justification for fiscal year 1986 you have also scheduled the International Energy Agency allocation system test No. 5 [AST-5]. This simulation is conducted with IEA member countries and participating companies. It tests the allocation system to assess the operational effectiveness of the system, to train personnel in the operation of the system, and to evaluate generally the ability of the IEA member countries to respond to disruptions which might warrant activation of emergency information and allocation systems.

When is this test scheduled?

Mr. MARES. It is currently scheduled for the October-November timeframe of this year, sir.

Senator McCLURE. Will the AST-5 differ from the AST-4?

Mr. MARES. I think each test has differed somewhat from the previous test, and this would be no exception.

Senator McCLURE. Do you know what the differences are intended to be?

Mr. MARES. There are discussions underway amongst the IEA member countries involved in developing the test design. The design has not been completed as yet. It is generally designed to test procedures and train individuals in the use of the procedures. At such time as that design is complete, our expectation would be to review it with this committee and other committees so that they know what is planned for the test.

U.S. ROLE IN MITIGATING A WORLDWIDE DISRUPTION

Senator McCLURE. This isn't necessarily the time to get into what the IEA does or how it does it. We certainly are going to get there. One of the concerns that I have is as the U.S. Government and its taxpayers are called upon to finance more and more of the standby reserve, which we did for years through the Texas Railroad Commission and we do now through the Department of Energy, the Texas Railroad Commission having not proved to be inadequate to the job but Texas production facilities having been proved to be inadequate to the job, are we bearing more than our share of the load? Are we, as a matter of fact, in reliance upon SPR investing American taxpayers' dollars that benefit other countries as much as ours and, therefore, disproportionately bearing the financial burden of the disruption mechanism?

Mr. MARES. My understanding is that the United States is benefiting and will be the primary beneficiary of any investment we have made in the strategic petroleum reserve at the time it is utilized in whatever is the energy disruption. There will be some worldwide benefit, clearly. To the extent there is added supply and it is made available to our market through the drawdown procedures, then implicitly some added supply is in the world market and to that extent has a benefit to all consumers. But the clear benefit will be to the United States. We are the consumer of about, in terms of total amount, a third of the free world's consumption of petroleum.

Senator McClure. If we are the beneficiary of about one-third of the consumption, why should we pay more than one-third of the price? Do you suppose we could get the European economic community to help finance SPR?

Mr. Mares. Each of the member countries of the International Energy Agency has made commitments that have been carried out to varying degrees with respect to their development of strategic stocks. Several countries have stocks, and at least one has stocks that are fairly similar to ours in the sense that it is Government-owned and in a separate segregated storage stockpile arrangement that can be used in similar fashions to ours. Others have varying approaches to the same stocking issue.

We in our discussions with the member countries of IEA have consistently urged them to develop stocks that would be available in the event of disruption. We also have urged them, and reached agreement, to use those stocks in a coordinated fashion wherein all those nations that are using them are mutually aware and working together rather than at cross purposes.

Senator McClure. There is some suspicion among some people that much of that activity on the part of some foreign governments is on paper only.

Would you provide for the record the most current information as to the reserve activities carried on by participating governments and the current levels of that participation?

Mr. Mares. Yes, sir; we would be pleased to do so.

[The information follows:]

Oil Stocks of OECD Countries

A list of commercial and Government-owned stocks on land in OECD countries, which contains classified information, is being provided for the committee file.

REQUEST FOR ADP SUPPORT

Senator McClure. Under your "Operations" account you are requesting funds to purchase unique automated data processing support which is currently provided to the Emergency Preparedness Program by EIA and other sources.

What are the advantages you will have owning this equipment that you do not currently have leasing it?

INFORMATION SERVICES

Mr. Mares. I think, Mr. Chairman, there is a poor choice of words in our budget justification. This is not a purchase of equipment, but, in effect, a purchase of services from the EIA which encompasses some software, use of their services. It is not an absolute purchase of hardware. But I can understand from reading the budget documentation where that confusion could have arisen.

Senator McClure. So it's for purchase of software or the lease of equipment?

Mr. MARES. EIA, as you know, has hardware computing facilities which it then makes available on a fee basis to other parts of the Department, and we have to pay for services we receive.

Senator MCCLURE. I understand that is what you are reflecting in this budget.

Mr. MARES. Yes, sir; we did not as artfully convey that as we might have.

VULNERABILITY STUDIES

Senator MCCLURE. I wasn't sure whether it was artful or not.

During fiscal year 1985 case studies of natural gas pipeline systems were conducted to determine the vulnerability of those systems to sabotage or terrorism.

How do you plan to implement the findings of these case studies?

Mr. MARES. We are going to be determining ways to make the generic lessons that we have learned from those studies available to the appropriate private sector industry groups and institutions so they can take advantage of that information.

Senator MCCLURE. But there is not direct security action being contemplated by the Federal Government? It is just an information flow to the people?

Mr. MARES. That's right. It is primarily making that information available in those systems wherein we are not a direct user of a system. It is more the provision of information in ways in which those systems can take advantage of that knowledge. If we are a direct user of a system, we would have more influence in terms of how those lessons could be learned.

Senator MCCLURE. For instance, the drawdown of the SPR which uses some Government equipment but depends upon the transportation infrastructure that is in place in the private sector.

Mr. MARES. To the extent we have learned lessons from the studies that would be applicable to SPR we have, for sure, shared that information with the SPR Office, and they are taking advantage of that information.

Senator MCCLURE. Are they doing anything?

Mr. MARES. To the best of my knowledge they are. Staff has talked to them in the past week or so on this very subject.

Senator MCCLURE. Sabotage and terrorism are troublesome questions for us. If coordinated with other activities, however, they become terribly threatening; they are not just troublesome, they are threatening. I don't expect this Government to overreact to that question. But are you coordinating with other Government security agencies with respect to the means that should be applied reasonably to avoid the consequences of those kind of overt actions?

Mr. MARES. My understanding is that we are, yes, sir. And in developing these studies the methodologies we used were developed not just within our Department but by virtue of talking to other knowledgable agencies of the Government so that what we did could be of use to other agencies as well as our own.

Senator McClure. Are we adding any security guards anywhere along the system? By we, I mean we as a nation. Are there more security guards available at pumping plants?

Mr. Mares. I do not know whether more are available or not.

Senator McClure. Let's take 50 trained terrorists who want to disrupt this country. That doesn't really stretch our imagination, does it? I remember just a few years ago we had one group that because of civil unrest in this country decided it would be a good idea to disrupt the power supplies in the Pacific Northwest. I have forgotten exactly how many transmission line towers they went out to and strapped a half a dozen sticks of dynamite around one leg of the tower and set it off. It was not very many. But it caused real concern throughout the region. If 50 people, 50 agents acting in a coordinated manner were determined to attack our petroleum and natural gas supplies, I suspect they could do an awful lot in a short period of time that would take us an awful lot of effort over a longer period of time to correct. Isn't that right?

Mr. Mares. In broad terms you are absolutely correct. In the context of this sort of security, both judgments regarding prevention as well as judgments regarding recovery and judgments regarding apprehension to prevent it in the future, each of those factors and others have to be weighed in determining what is the most effective strategy for national energy security in this particular case.

Senator McClure. I understand that, and if I understand correctly, we have had some case studies which would indicate how easy it is to do and we have disseminated that information to some people about how easy it would be to do and some things that might be done to make it less easy.

Mr. Mares. The studies are not just dealing with how easy it is to do but deal with how you in effect have the system resilient enough to be able to withstand either in advance or upon an injury to get back to working speed in an appropriate period of time.

Senator McClure. Could you present to the committee on whatever basis you wish to make it, whether a matter of open record or matter of confidential communication, what specific steps have been taken as a result of these case studies.

Mr. Mares. Yes; Mr. Chairman.

Senator McClure. I think sometimes we assume that a stack of paper on the shelf protects a valve or a pumping station. If we stacked papers around the valve it might well do it, but I am not sure stacking on the shelf in the office does.

Mr. Mares. I agree with you, Mr. Chairman.

[The requested information is being provided confidentially.]

RATIONALE FOR MORATORIUM DECISION

Senator McClure. Let me get back to the strategic petroleum reserve for a moment. Total savings from the indefinite moratorium from fiscal year 1986 through 1990 are estimated to be $8 billion. Along with this is the proposed deferral of $270,738,000 of on-budget funds and $827,028,000 of off-budget oil acquisition funds.

If Congress approves this indefinite moratorim at the end of fiscal year 1985 the cumulative oil fill will be just slightly over 489.1 million barrels and the storage capacity will be 496 million barrels. That, of course, is far short of the established goal of 750 million barrels of oil.

Historically, today's spot price of under $30 a barrel is a fairly good bargain and, in my judgment, a good investment. If a situation ever arises where we need to begin utilizing SPR we can be fairly sure that the investment we have made in SPR will give us a return greater than our original investment just in direct acquisition and direct sales receipts.

Would you agree with that assessment of our SPR investment? Not looking at the indirect economic effects.

Mr. MARES. I think everybody agrees it has been a wise investment for this country.

Senator MCCLURE. Even when you include the capitalized cost of that investment.

Could you provide for the committee a year-by-year breakdown of the price paid for SPR oil?

Mr. VAUGHAN. Yes, sir.

[The information follows:]

Average annual prices paid for SPR oil[1]

	Per barrel
July 1977 through August 1979	$13.39
Calendar year:	
1980	36.24
1981	35.64
1982	34.37
1983	30.67
1984	30.24

[1] Prices are before contract discounts and do not include costs for demurrage, customs duties, environmental taxes, terminalling, and other miscellaneous costs associated with oil acquisition activities.

OIL PRICE PROJECTIONS

Senator MCCLURE. Everybody assumes that the immediate future for oil prices is a continuing softness in the market, overproduction, oversupply, a softening and at least a modest decline in the price of oil; is that not correct?

Mr. MARES. I would say most do, but I am wary of saying everybody.

Senator MCCLURE. I know some who think it will go down dramatically and an even smaller group who think it might not go down at all but might rise. But I think that is the general scenario, the generally accepted current wisdom. I am somewhat wary of current wisdom. But if that is the case and we delay indefinitely future acquisitions for SPR, if the price continues to decline we could at some future time buy it at an even lower price unless we delay long enough that we get to a rising price market; is that not correct? If we still have the goal of 750 million barrels, and remember that was a reduction from a 1-billion-barrel goal that was originally proposed in the Congress, shouldn't we be looking at the time in which we might make the purchase before we see a supply-demand balance that is more favorable to producers and less favorable to purchasers?

Mr. VAUGHAN. I think our stance, Mr. Chairman, certainly does not rule out or contemplate that we won't be making or attempting to make that kind of continuing analysis. I can assure you that that is why former Secretary Hodel and the others of us that were involved were most insistent that this be a moratorium and not a terminated program. That was a considered judgment that we had enough information present at hand to, as we talked about earlier, decide about buying more insurance now or decide to defer that purchase, but we in no way were making a decision that never again are we to buy more insurance. It is simply a decision that we can't afford to do it now, and looking back on that, that judgment is not an undue risk. We live in a changing world and we contemplate this subject being revisited every budget cycle, and for us that really means continuously.

Senator MCCLURE. If we adopt a moratorium and at some time in the future decide to reinstitute purchases, which as I understand it is at least the option we are leaving open, and if Congress left unchanged the ultimate target of 750 million barrels, it would take about a 230,000-barrel-a-day purchase for a period of 3 years to get from where we will be at the end of this year to that target; isn't that correct?

Mr. VAUGHAN. I'm not sure I follow your math.

Senator MCCLURE. How long does it take to buy 250 million barrels of oil over a 3-year period?

Mr. VAUGHAN. The math is about right.

Senator MCCLURE. Good. I punched the right keys.

But if Congress at the same time were to decide, as has been discussed around here, that we want a bigger insurance policy and we can then afford a bigger insurance policy, if we increase the target to 1 billion barrels at the time we started up it would take about 6 years at 230,000 barrels a day. How confident are we of the future declining oil price to be comfortable in saying that 1 year from now we can start a 6-year purchase and know that during that 6 years at that rate of purchase the price will be no higher than it is now?

Mr. MARES. You are first starting with the judgment that we should seek a size of 1 billion barrels. I don't think that there is unanimity within any group on that determination.

ULTIMATE SIZE OF SPR

Senator MCCLURE. There hasn't been unanimity of 750 million barrels.

Mr. MARES. I was going to say that, too. So there is a lot of question as to whether there is an adequate economic benefit to the Nation of a reserve significantly different than the current sized reserve. So there are a whole series of questions and analyses that bear on that judgment that would have to be, it would seem to me, considered and grappled with at such time as it was the desire to proceed.

Senator McCLURE. I am a relatively good friend of the administration. I can't help but make this observation, however, that here today, as in the President's speeches recently, the administration is very proud of the SPR and the security that we have and the great benefits that we have gotten from it. What I am hearing from you today again is the same thing I have heard from the administration over the last several years, that we shouldn't do it. It is only after we have done it that we like it.

Mr. MARES. I do not think that is a totally fair characterization.

Senator McCLURE. If it isn't, tell me why it isn't.

Mr. MARES. I don't recollect, at least during my tenure with the Department, that the administration said we should not do the strategic petroleum reserve.

Senator McCLURE. I can point to the record. It is abundant with references.

Mr. MARES. I think we have argued about the rate of it. I will let Mr. Vaughan handle it because he has handled it more than I have, but I don't recollect wherein we have said that.

Senator McCLURE. Mr. Vaughan, do you recollect?

Mr. VAUGHAN. I recollect, Mr. Chairman, lots of arguments over fill rates and things like that and some discussions over ultimate sizes. I think a theme that, certainly since I personally have been involved and certainly for this administration, has been consistent is that of 750 million barrels as a commitment to get done by the end of the decade, and I do think that this is the first suggestion that we should depart from that commitment, and I think there is a very open and, quite frankly, not totally comfortable departure from that explained by the fact, as we discussed earlier, that we can't afford the insurance. I think no one in this administration has seriously argued that we don't believe in having the insurance policy. We may have haggled over how big it should be and how fast we ought to buy it.

SPR MORATORIUM AND 750 MMB OBJECTIVE

Senator McCLURE. If I accept that, and for the purposes of this discussion I will accept that, do I understand that the administration is still firmly committed to 750 million barrels as the ultimate objective?

Mr. VAUGHAN. That is a difficult question in the sense that we have, and I don't want to be coy with you, out-year projections showing that we indeed may not reach that goal. I think that is simply reflective of our judgment that the budget situation is not going to be cured, unfortunately, in the next year and a concurrent judgment that the oil situation is not going to reverse to the adverse on us.

I think there are two possibilities. Hopefully, if our budget situation improves and/or the oil situation were to suddenly deteriorate, we have the option to go back to buying more insurance.

Just a few moments ago in phrasing your question you mentioned about going on a full 6 years. I do not believe, in all candor, we could in any way represent any more than our judgment looking at the oil future now. One can go out comfortably for 2 or 3 years, and we think maybe longer. But I don't think that we would tell you that is an ironclad representation that there is no risk. As you pointed out in the early questions, there is some inherent risk that I think we do not deny in deciding not to buy insurance at the rate we originally all set out on. But that is a calculated risk, and in this case we think it is not unreasonable, *a*, because we can react if the situation changes, and *b*, we think the situation has enough flexibility in it that we will be able to react timely.

Senator McCLURE. Mr. Mares, did you have something?

Mr. MARES. I just wanted to say that we are only dealing with a single year's appropriation at this hearing in the President's budget request. So it seems to me that does not prejudge what would be in succeeding years.

Senator McCLURE. The reason I ask that question, I think, is relatively obvious, that a number of people are not certain that the administration is anything other than setting not the floor for the SPR but the ceiling, subject to later action. In other words, while you are talking about moratoria you're talking about future decisions, and what I am really trying to get into context is it a moratoria against which we will resume a fill rate to the original amount or is it a moratoria against which we will make a future decision as to whether or not we believe that the initial target is correct.

Mr. VAUGHAN. Mr. Chairman, I think the best way to respond to that question is in a sense the way I responded to one similar to it earlier, and that is that Secretary Hodel and now his successor, and certainly those of us that have to be on a day-to-day basis concerned with SPR and energy security, have tried very hard, and, I submit, successfully, to have the administration adopt a policy that is indeed a moratorium and not a floor, or an ironclad, never-to-be-changed decision.

Senator McCLURE. But does it reflect the judgment that 489 million barrels is enough? Is that a decision that is made now? Does it indicate an admission that the 750 million barrel target is too much or that we are satisfied we should review it before we start purchases? What is the administration's view of the 750 million barrel target as a target?

Mr. VAUGHAN. I think we have not decided that it is too much and, therefore, we cannot at this stage put a ceiling on it, as you stated. Those of us that have had to deal with this problem made sure that that kind of decision did not get made. So we have not made a decision on 750 million barrels, and, frankly, for that matter, any particular level up to 1 billion, and if we thought higher levels were justified we would have to convince the Congress that it was; that's the limit of authority.

CRUDE OIL MARKET CHANGES

Senator McCLURE. One of the scenarios you painted as the uncertainty of the future would be if something happened to the world supply of petroleum, and I assume when you are talking there you are not talking just in absolute terms but in relative terms between production and consumption. Wouldn't it be a fact that if something did happen that caused us to change our mind it would be against the backdrop of increased oil prices and tighter supply? And if that is the case, any resumption of purchases on our part would exacerabate the tightness of supply and, therefore, tend to drive prices up even more.

Mr. VAUGHAN. I think certainly in a market sense that would be a factor you would have to consider, yes, sir.

Senator MCCLURE. So that a delay until such an event, if that is what we are talking about, it is a delay until such an event with adverse consequences at that time.

Mr. VAUGHAN. In an intellectual sense, I think you could say that that is a possibility, but I hope we will be a little better at forecasting.

Senator MCCLURE. If I watch the spot market, it is not an intellectual exercise.

Mr. VAUGHAN. I hope we can be a little better than that. After all, we were, as you recall, sir, filling this reserve at much higher prices, and while we would have preferred lower ones, we still collectively made the judgment that it made sense.

I guess in this very room we have had the flip side of this discussion when we talked about purchasing at the same rates as previously about what influences we would have and whether we would undercut the oil market. Frankly, SPR at maximum purchase rates is still in world terms a single, very insignificant event as far as market leverage is concerned. It is probably more a symbolic influence than a dollar influence. That is my judgment. I think our actual fraction of the world's purchase dollar is so small that an analysis wouldn't tell you much about that; no models would pick it up.

Senator MCCLURE. I guess the concern that I express is that it takes time to do these things. If we delay a decision, it still takes time after we have reviewed the decision to change it, to take affirmative action. We are talking about the 1986 budget. That means it is 1987 before we change anything.

If we decide during 1986 to change it in 1987, we start purchases again in 1987, 3 or 4 or 5 years from there, depending upon the fill rate, we would then achieve our 750 million barrel target. Already we are talking about a 1990 to 1992 timeframe. If you seek to shorten that timeframe when you once again resume, then you have to increase the daily fill rate, which may be under rather adverse circumstances at that time, thus imposing greater strains on an already constrained market, although we do not now anticipate that.

You yourself said a moment ago that we might look out 2 or 3 years with fairly good confidence, but when you start looking out 5 or 6 years, then it is a lot cloudier crystal ball. We are getting into an area where we can't forecast very well no matter what judgment we might make now or might make 1 year from now. That tells me to have a little bit of caution about delaying decisions.

I am not saying here that I am opposed to the moratorium, because I think we do have severe budget restraints. But I am probing because I want to find out what the frame of mind of the administration is as to whether this is really kind of more than just a temporary pause, a look at both budgets and supplies in the context of the purchase, or whether indeed it is a fundamentally deeper decision that, hey, wait a minute, 489 million barrels in the reserve is all we really need and we are not likely to look at it again 1 year from now or 2 years from now.

SPR PROPOSED MORATORIUM DECISION

Mr. VAUGHAN. Mr. Chairman, there are certainly a number of people that think 400 or 500 million barrels of oil is enough, and those people have been around for a long time and have been quite vocal, both inside and outside the administration. But I think what we are telling this committee as the administration's representatives is that the administration has at this point made no decision that 500 million barrels or anything less than 750 million barrels is any kind of policy decision that has been changed. We are saying to the Congress, to go back to where we started this hearing, what we can afford, the fact that we can't afford to buy more insurance, and then we look at what kind of risks we are taking in light of that. I think we are telling you here today we think those risks are not unreasonable and that is to be continuously reviewed.

I do think in this subject area, too, Senator, that this is the one area that, certainly in my experience in this field with this committee and its counterparts over on the other side of the Hill, indicates that if indeed the administration thought it needed to resume purchases for SPR I think that would be a fast turnaround approval for funding basis up here on the Hill even if budget times were tough.

Obviously, I can't guarantee that is the position you would take, but those of us that have to worry ourselves about emergency preparedness and stockpiling of oil, if we do our duty, have to think about those things, and I think we would be prepared to recommend, if we think the situation is changing, that we face reality and do what is necessary. It is very similar to what we are doing with the Defense Department.

U.S. OIL DEMAND AND SUPPLY ACTIVITY

Senator McCLURE. If world oil prices continue to decline that has an effect upon consumption, does it not? At some point we will find equilibrium. As price goes down consumption rises; as price goes up consumption declines. That is a familiar law of economics which Congress can't repeal, can't even tinker with very much. At some point it does have that effect.

We didn't see that effect in the price shock that followed the 1973–74 embargo; we did see it tremendously following 1979 price adjustments; and we are still seeing it.

That means if it is right that price declines, then consumption will rise, and as consumption rises that increased consumption will be provided by increased imports. We have increased our domestic finding rate in the last several years over what it had been before, but if I look at drill rigs today, the number of drill rigs are about what they were in the early 1970's.

If you look at the number of feet drilled, they are about what they were before 1979. If you look at the quantity of oil discovered per foot of well drilled, it is way down over what it was last year and the year before.

If you look at the actions taken by the Congress, not the administration, but by the Congress, in saying you can't drill on large portions of the public lands, and Congress has enacted moratoria on Outer Continental Shelf drilling, we have slowed the process of approvals of OCS drilling plants. Then it is not immediately foreseeable as far as I am concerned, that the finding rate in the United States is going to dramatically change in a favorable direction over the next year or two.

If that is the case, then we will have increased imports even without increased consumption, and if we have increased consumption, then the import rate goes up.

The only favorable thing I see in that picture is the cost of drilling has gone down in this country, but in spite of that decreased cost we have less activity. Because some of the changes in the tax code that have been proposed would probably idle at least one-third more of the rigs, we would have even less inclination to drill or to find more, and even more inclination to make those investments in other areas of the world. So the finding rate will shift from the United States toward offshore areas outside the United States and, therefore, increase our dependence upon imports.

Those, I think, are predictable patterns. Whether I like them or not, whether they are my choice or your choice, I think they are apparent, and, therefore, our dependence 2 years from now is likely to be greater than it is now; our dependence 5 years from now, in my judgment, will be markedly greater than it is today.

And yet that is the timeframe we are talking about with respect to both the purchases, the impact of the purchases, the market in which we make the purchases, and the degree of security given to us by an insurance policy, which is oil in the ground in SPR.

Again, I am not saying I am opposed to the decision, because a $200 billion deficit is also persuasive. But again, if I look at that $200 billion deficit, you have to be convinced that Congress will take unprecedented actions with respect to curtailing expenditures of Government, of which SPR is one, or we are not going to markedly increase the budgetary likelihood that we will again resume purchases in the immediate future. Under the President's proposal, under the CBO projections of the President's budget proposal, even with the SPR moratoria you have budget deficits well above $100 billion 3, 4, and 5 years out.

If the Congress is successful in taking even more Draconian steps with respect to reducing the expenditures, we will not reach a balanced budget in less than 5 years, and that would be a remarkable achievement if we do it then.

While the argument is made this year in this year's context, the argument will be made next year in next year's context and the year following that in the following year's context, and it would take some kind of an emergency to impel us to reverse that decision anything short of 4 or 5 years from now, and then you have a 3-to-5 or 6-year period to fill. We are talking about meeting our security goals with respect to the economic and military security of this country sometime beyond the mid-1990's, which then begins to change the judgment as to what is a reasonable risk.

Again, I am not saying I am opposed to a 1-year moratoria, but I have an awful lot of red flags flying up all over the landscape, or at least yellow flags, saying let's be cautious about that decision.

Senator Leahy.

DOE'S PROPOSAL TO OMB

Senator Leahy. Mr. Chairman, I just have one question, and then I would like to have the chairman's permission to submit a number of questions for the record.

Senator McClure. Surely.

Senator Leahy. Did the Department proposal to OMB in the fiscal year 1986 request include a continuation of construction and fill at SPR?

Mr. Vaughan. Our original proposal?

Senator Leahy. Yes.

Mr. Vaughan. Yes; it did.

Senator Leahy. What were the specifics of that request?

Mr. Vaughan. To remain on course with the strategic petroleum reserve and complete the fill of 750 million barrels by the end of the calendar year 1990.

Senator Leahy. Pretty much following the same as it had been going for the last couple of years?

Mr. Vaughan. Yes, sir.

Senator Leahy. Why did you make that request?

Mr. Vaughan. Because we had made commitments to the Congress that we as an administration were committed to the 750 million barrel program and that we would complete it by the end of the decade. It was in light of the necessity to restrain significantly Federal spending and to look for the large ticket items that drove us to make these recommendations and then to look at how risky those recommendations are. Our judgment is that those recommendations are not unreasonably risky.

MIDDLE EAST DISRUPTION

Senator Leahy. You don't think there is any risk of a major war in the Middle East that might disrupt our lines of Middle East oil?

Mr. Vaughan. I would never go so far as to talk about no risk. It is all a matter of probabilities and how risky you think things are. We would point out that we have diversified our sources of supply significantly in this country and that specifically for this country our suppliers are no longer principally centered in the Middle East.

Senator LEAHY. Would you grant that a determined, relatively small band of terrorists could cutoff probably more than half of the flow of the oil from the Middle East for as much as 1 year and do that in a relatively short period of time?

Mr. VAUGHAN. I think a band of terrorists willing to carry it out could indeed cause great havoc to the supply of oil in the Middle East, but I have serious doubts as to whether I think they have the staying power to maintain such cutoffs for anything near 1 year.

Senator LEAHY. Thank you.

I will submit the rest for the record, Mr. Chairman.

Senator MCCLURE. Thank you.

I have requested that the written questions be submitted by the end of the close of business today, if possible, and Senator Leahy indicated that they would be. We will submit those to you immediately following this hearing.

DISTRIBUTION RATE

We referred a moment ago to the pumping capacity which will be in place under the administration's plans. We will be able to withdraw from SPR without the completion of the Big Hill facilities at the rate of 325,000 barrels a day; is that correct?

Mr. VAUGHAN. At the rate of 3.25 million barrels a day.

Senator MCCLURE. Excuse me. I had the decimal point in the wrong place in my note here.

If Big Hill were completed, if we were to proceed with the construction of Big Hill facilities as was scheduled before the proposed moratoria, what would be the recovery rate from SPR?

Mr. VAUGHAN. A little over 4 million barrels a day.

Senator MCCLURE. Wasn't that nearly 4.5 million barrels upon the completion of Big Hill facilities?

SPR DISTRIBUTION ENHANCEMENTS

Mr. VAUGHAN. The sites, Mr. Chairman, our facilities, under full development would be capable of delivering oil at 4.5 million barrels a day. The ability to distribute oil with enhancements as planned to date would be at about 4 million barrels per day.

Senator MCCLURE. Staff reminds me that the plan that had been established originally for the 750 million barrel reserve envisioned a capacity to remove and distribute 5 million barrels a day.

Mr. VAUGHAN. I believe that predates me, Mr. Chairman. But I believe that number is correct. From documents filed some years ago in the original planning of the program it was 750 million, 5 million barrels a day. I believe the preceding administration's concept, which this administration effectively embraced, called for 4.5 million barrels a day of capacity from sites.

Actually, the focus on the distribution, that is, how does it actually run down to refineries, principally started during this administration and really started shortly before the first pipeline was offered up for sale. That I am very familiar with, because we lost a pipeline; then we lost another one. And the obvious type questions I and others in charge began to ask is, hey, what is happening to our ability to distribute?

So the distribution enhancements have been an evolving—I won't go quite so far as to say a new factor, but certainly an increased focus, and I believe that will be a constant portion of the program from now on, because as a result of that, this administration did take a conscious look at how we should deal with this problem of an evolving industry.

There are essentially two ways you can deal with it. You can either figure out some way to force the industry to meet the SPR needs, or essentially change SPR to meet an evolving industry. We decided to pursue the latter course, and that means that the subject of enhancements and distribution will be a permanent feature of the SPR program from now on.

Senator McClure. If I look at it correctly, just a mathematical exercise, not necessarily related to an exact method of rate at which withdrawals could be made, a 750-million-barrel reserve could be withdrawn in 150 days at 5 million barrels per day. Similarly, a 489-million-barrel reserve can be withdrawn in 150 days at 3.25 million barrels per day. So you are very close to the same target in terms of days but with a reduction on both the quantity that comes out and the rate at which it comes out.

Let me ask two or three other questions, because we want to understand what the moratorium means in practical consideration.

The storage facilities development was designed to be completed in three phases. Work on phase I has been completed; work on phase II and III is under various stages of completion.

You are taking some actions now in anticipation that the moratorium will be adopted. How does that affect the actions on the completion of phase II and phase III? What steps are you taking now in anticipation of the moratorium?

MORATORIUM ACTIONS

Mr. Vaughan. We have not entered into contracts to carry out longer timeframe actions at Big Hill and things that are very significantly affected by the moratorium. My understanding is that if within the current fiscal year we receive a clear-cut decision on this matter of the moratorium, we would be able to still meet the program goals regardless.

Senator McClure. So whatever actions you have taken are not irreversible even in the timeframes that we are talking about?

Mr. Vaughan. Mr. Pettis tells me that up to this point we may have introduced something on the order of a 4-month delay by the contracts that we have held, and then it is kind of a day-for-day exchange through the remainder of this fiscal year. After that things extend a little further.

Senator McCLURE. Have any contracts been cancelled because of the proposed moratoria?

Mr. VAUGHAN. None cancelled, no, sir.

To your word irreversible I think I can answer no, we have done nothing that is irreversible. We have not tried to prejudge and to force a decision by Congress; there is no part of that in our proposal.

Senator McCLURE. But some procurement actions have been terminated?

Mr. VAUGHAN. That is correct.

Senator McCLURE. But they were precontract activities?

Mr. VAUGHAN. Yes.

Senator McCLURE. Those are also all related to Big Hill and not to the others?

Mr. VAUGHAN. Three major contracts at Big Hill: two for pipeline construction; a third for stage II construction, as we call it.

Senator McCLURE. But all the other activities at the remaining sites are going ahead on schedule?

Mr. VAUGHAN. Going ahead.

There is one phase III cavern at Bayou Choctaw we would at this stage in the planning have had surface construction underway, and we do not have that underway at the moment.

Senator McCLURE. Will that be necessary to complete in order to reach the 489 million barrels?

Mr. VAUGHAN. No; but it would be necessary were we to go to the full 750 million barrels.

Senator McCLURE. If everything were completed except Big Hill, you would have slightly over a 600-million-barrel capacity?

Mr. VAUGHAN. Six hundred and ten million barrels.

Senator McCLURE. Leaching activities are underway at both phase II and phase III caverns at Bryan Mound. But if I understand correctly, that would be suspended during 1985, at which time phase II work at Bryan Mound will be essentially complete and phase III leaching at Bryan Mound will have been approximately 38 percent completed. Leaching activities for phase II caverns at West Hackberry will be suspended during 1985, at which time they will be approximately 76 percent completed; am I correct?

Mr. VAUGHAN. The numbers are correct, yes, sir.

Senator McCLURE. Those are two examples of work that will be suspended prior to completion, and you had indicated that Bayou Choctaw would also be suspended.

Mr. VAUGHAN. Yes; that is a phase III cavern.

COSTS TO SUSPEND AND RESUME FACILITIES DEVELOPMENT

Senator McCLURE. What additional costs will you incur because of this suspension?

Mr. VAUGHAN. We do not, Mr. Chairman, contemplate any perceptible increase in cost by the delay. We are simply avoiding the expenditure now. Obviously that is a time-dependent variable, and if we go for significant lengths of time and then resume, inflation and things like that would clearly impose additional cost.

Senator McClure. As a practical matter leaching and filling occur simultaneously.

Mr. Vaughan. That is correct, sir.

Senator McClure. Is it possible to complete the leaching without filling?

Mr. Vaughan. It is possible.

Senator McClure. Are we suspending work in the caverns in an orderly fashion so that we can begin it again without major expense? Or would it simply be easier and less expensive to complete the leaching and other facility work now?

Mr. Vaughan. An important part of the decision to do a moratorium as opposed to a terminated program was to try to identify in considerable detail those activities so that we did have orderly and cost-effective placing of things in a moratorium and designing them so that there is a minimum cost for resumption of activities. And that means that we actually spend some money to provide the capability to resume if we make the judgment that we should.

Senator McClure. I asked you a question a moment ago about what had already been terminated and whether it would cause increased costs, and you indicated it would be a very small, insignificant increase in cost, if any. We have identified some other work that will be suspended if the moratoria goes into effect, that would be suspended during 1985. Would there be increased expense to the resumption and completion of those activities at a later date because of the work that will be terminated during the balance of this year? There I am talking about Bryan Mound and West Hackberry.

Mr. Vaughan. To the best of our ability to foresee costs like that, we believe not. We are doing this activity of putting in a moratorium with a minimum of additional cost if you resume it. We think any additions will essentially be the offsets for inflation and the passage of time. We are trying very diligently to identify and avoid doing things that would cause duplication, waste, and that sort of thing, which are natural concerns. I think that is one of the reasons that we very strongly urge a program put in a moratorium rather than one that is terminated.

RIGHT-OF-WAY PIPELINE ACQUISITION

Senator McClure. Do we have all of the right-of-way for the oil distribution pipeline at Big Hill?

Mr. Vaughan. We are going to acquire, Mr. Chairman, all the right-of-way necessary for this pipeline associated with Big Hill. There was one pipeline right-of-way acquisition that we thought we would not proceed to complete. However, upon revisiting that question and its total cost, we reached the judgment very recently that it would be better to acquire the right-of-way. So we intend to complete it.

Senator McClure. You will complete the right-of-way acquistion?

Mr. VAUGHAN. Yes, sir.

BIG HILL CONSTRUCTION

Senator MCCLURE. At the Big Hill site, contracts have already been awarded for the drilling of all 14 caverns and for construction of the fresh water intake structure and surface construction associated with 5 of the 14 caverns.

Mr. VAUGHAN. That is correct.

Senator MCCLURE. This work has been completed or is underway?

Mr. VAUGHAN. Underway and will be completed by the end of the current fiscal year.

Senator MCCLURE. I understand from your justification that that work will not only be completed but the site will be returned to an environmentally acceptable state at the end of that work.

Mr. VAUGHAN. Yes, sir.

Senator MCCLURE. You proposed that further development work on Big Hill be suspended because of the proposed moratorium on the oil fill at the end of fiscal year 1985. What additional work would be necessary before we could begin filling Big Hill?

Mr. VAUGHAN. We would have to return to the site, reopen it, which would be essentially minimal, and we would have to build the raw water intake structure.

Senator MCCLURE. I thought that was under construction now.

Mr. VAUGHAN. That's correct. The raw water intake structure is under construction. We would need to build the raw water pipeline, the crude oil pipeline, and the brine disposal pipeline and, of course, the piping for the additional caverns, the other nine.

Senator MCCLURE. If we assume a delay of 2 years in the construction of Big Hill, what would be the additional cost to complete it as compared to completing it on schedule?

Mr. VAUGHAN. We believe it essentially would be inflation and nothing more than that.

Senator MCCLURE. What costs are associated with returning Big Hill to what you state in your justification is an environmentally acceptable site or state?

Mr. PETTIS. Mr. Chairman, we included within our fiscal year 1985 expenditures for Big Hill about $20 million to conclude the ongoing construction work and undertake environmental activity. Most of it involves things like, for security reasons, putting up a perimeter fence around the site to protect the facility that is being constructed. There will be some regrading and seeding of the site.

Senator MCCLURE. Is that work that you would do even if you were going ahead at this time toward completion?

Mr. PETTIS. Yes; the majority of that would have been done probably a little later on in the process. As I said, we had $20 million in our budget, and I think our estimate right now is that we can do that activity for considerably less than that.

Senator McClure. But some of that is expenditures that you would not now make if there were no moratorium.

Mr. Pettis. Things like the fencing were programmed into the stage II construction, so that would have been done anyway. I think the additional work that would be done because of this is minimal and is not a significant cost factor.

LEGISLATIVE REQUIREMENT OF MINIMUM FILL RATE

Senator McClure. As you know, the Energy Policy and Conservation Act requires that if the minimum fill rate for SPR drops below 100,000 barrels a day before SPR is filled to 500 million barrels in storage, then Elk Hills oil cannot be sold except for a very few minor specific uses. This will cost the Federal Treasury approximately $1.1 billion in revenues each year. Since SPR will have 489,100,000 barrels in storage at the end of fiscal year 1985, how are you proposing to get around that requirement in the statute?

Mr. Vaughan. A complete and definitive decision as to how to deal with that problem, Mr. Chairman, has not been made, but let me describe the options as we see them.

One, the statute you point out with all its provisions might expire.

Another alternative or possibility is that when it is reenacted the administration may seek to excise this requirement, and that would seem consistent with our stance with respect to the moratorium.

Another alternative is to seek from the Congress in the budget authorization and appropriation process the necessary—I don't know what the right term is—waiver or fixing of this problem.

Senator McClure. You mean legislation on the appropriation bill?

Mr. Vaughan. All right.

The fourth alternative is to take some of the deferred funds and exceed the 500-million-barrel fill.

Senator McClure. Will you have storage capacity to do that?

Mr. Vaughan. I believe, if we elected to do that, we would have to create another 4 million barrels or something like that.

Senator McClure. You have got to do a little more leaching somewhere.

Mr. Vaughan. A little more.

REPROGRAMMING FUNDS

Senator McClure. On October 29, 1984, the Department proposed to reprogram $49,472,000 from phase III facility development to the nonphase specific category for use in making enhancements to the SPR distribution capability. In November 1984, the House Appropriations Subcommittee on Interior and Related Agencies concurred in this proposal. On January 9, 1985, the Senate Energy and Natural Resources Committee and this subcommittee concurred on $42,334,000 of the $49,472,000 requested.

What is the reprogramming money used for?

Mr. VAUGHAN. The reprogramming money, Mr. Chairman, is used for those interconnects and docking facilities that we discussed earlier in this hearing to replace the lost pipelines that have been converted to natural gas. So there are some short pipelines that take us to the Houston area and some enhancements to the Sun Terminal. The difference between the two, of course, was the enhancements proposed for Big Hill, and this committee recognized what we were proposing to do with the budget, and I think your action there recognizes what we have before us now. That is the difference between the two.

Senator McCLURE. So the amount of money that was approved on reprogramming will be adequate to do everything except that which was associated with Big Hill?

Mr. VAUGHAN. Yes, sir.

The fiscal year 1986 budget that we are discussing here today, however, includes $30 some million, $32 million, I believe, to complete that work.

NATIONAL PETROLEUM COUNCIL STUDY

Senator McCLURE. At the request of Secretary Hodel, the National Petroleum Council undertook and on December 12, 1984, approved a study prepared by the NPC Committee on the Strategic Petroleum Reserve. NPC recommended a series of measures designed to improve the drawdown, distribution, and refining capability of SPR. Among these recommendations was one to reorient and ensure that at least 43 percent of the planned 750-million-barrel reserve is low-sulfur crude oil.

Do you agree with that recommendation?

Mr. VAUGHAN. Mr. Chairman, we will have 38 percent as opposed to 43 percent. We really have not made a final decision as to our judgment as to an appropriate reaction as to that particular recommendation. I would point out that placing the program in a moratorium does inhibit our ability to implement that judgment, were we to think we should.

Senator McCLURE. Could you provide for the committee a summary of the recommendations which they have made and your proposed actions with relation to those recommendations?

Mr. VAUGHAN. Yes, sir.

Senator McCLURE. Thank you. And also whether any of the recently approved $42 million reprogramming satisfied all or a part of those recommendations.

Mr. VAUGHAN. Yes; we will, sir.

[The information follows:]

NATIONAL PETROLEUM COUNCIL RECOMMENDATIONS

The following is a summary of the recommendations in the National Petroleum Council's report on the strategic petroleum reserve, along with the Department's responses.

NPC recommendation.—There should be at least 43 percent sweet crude in the reserve.

DOE response.—Current plans call for 35 percent sweet crude, and at the end of fiscal year 1985, there will be at least 38 percent sweet crude in storage. We will continue to assess the effects of alternative mixes of crude oil in the reserve, in light of further changes in the petroleum industry, taking into account results from the ongoing NPC study on trends in the U.S. refining industry.

NPC recommendation.—A shift of at least 100 million barrels of the remaining SPR fill from the Texoma complex should be considered.

DOE response.—The Department plans to evaluate alternatives which would address the objectives of the NPC recommendation.

NPC recommendation.—Distribution enhancements should be made to each SPR complex.

DOE response.—We are making all of the enhancements recommended by the NPC to the distribution capability of the Bryan Mound site, and we are implementing enhancements to terminal facilities serving the West Hackberry and sulphur mines sites to achieve a distribution capability commensurate with the drawdown capabilities for those sites. We are analyzing alternatives for improving the distribution capabilities from the Capline complex and plan to continue to monitor oil industry trends to ascertain whether further distribution enhancements may be warranted.

We are not proceeding at this time with the enhancements recommended by the council associated with expansion of the reserve beyond 489 million barrels.

NPC recommendation.—Ballast water treatment facilities or alternative disposal methods should be provided for all SPR marine facilities.

DOE response.—We agree with the need to assess alternative ways to provide deballasting services for tankers used during a reserve drawdown.

NPC recommendation.—Jones Act waivers, if necessary, should be handled expeditiously on a case-by-case basis.

DOE response.—We agree that if Jones Act waivers are required, such waivers should be handled expeditiously to assure adequate shipping capacity; however, we do not agree with the NPC report's conclusion that the Jones Act fleet is sufficient or that needed case-by-case waivers could be granted with sufficient speed in the event of a full-scale drawdown. We remain concerned about the significant competitive advantage that would accrue to a buyer given a timely waiver under a case-by-case system and the significant competitive disadvantages that would result if potential bidders were not assured of such waivers before they submitted their bids. Should a drawdown be required, therefore, then we would seek a blanket Jones Act waiver of limited duration, unless analysis at that time indicates that there are sufficient Jones Act vessels to assure efficient distribution of the SPR.

NPC recommendation.—A framework should be put in place that would facilitate and expedite the distribution of SPR crude oil during an emergency.

DOE response.—We do not agree with the NPC recommendations regarding restrictions on the universe of eligible bidders for reserve oil. We continue to favor open competitive sale of oil to all interested buyers who meet applicable DOE requirements.

NPC recommendation.—Periodic drawdown exercises should be conducted by the entire SPR organization to achieve and maintain administrative and operational readiness.

DOE response.—We agree with the recommendation to continue our drawdown testing program to assure system readiness.

NPC recommendation.—Equipment and procedures at SPR sites should be improved and efficient use of tankers and barges should be promoted.

DOE response.—We agree with the desirability of continuing improvements to equipment and procedures at the reserve's sites. We also agree with the need for minimum lot sizes for tankers and barges.

NPC STUDY RECOMMENDATIONS

Mr. VAUGHAN. I've got a kind of general statement that applies to the NPC study in this regard. The NPC study, I think it is fair to say, validated all of the enhancements that the reprogramming addressed and suggested some others. So I think the answer to your question is that on those involved with the $42 million the NPC said, yes, they are the right things to do; they also made some recommendations about additional things to do.

We will give the committee an item-by-item breakdown as to our judgments about those recommendations and the rationale, therefore, whether we agreed, and if we do not or do, as to why.

Senator McClure. Thank you.

DRAWDOWN CAPACITY

You indicated earlier that we would have at the completion of the activities which you have underway a drawdown capacity of 3.25 million barrels a day, if I understand correctly. Does that include the amount that was expended on distribution facilities? Will you be able to distribute at that rate?

Mr. Pettis. Yes, sir; if we did not proceed with the distribution enhancements we would only be able to have a distribution rate of about 2.4 million barrels a day. So that assumes completion of the distribution enhancements.

Senator McClure. In your judgment is the 3.25 million barrels a day adequate to meet our Nation's needs in drawdown?

Mr. Vaughan. Yes; we believe they are quite adequate for the current needs and needs we foresee for the next several years.

REFINERY CAPACITY

Senator McClure. Have you anticipated what is going to happen to refinery capacity in this country with the increased quantity of finished product being brought into this country and have you reflected in your drawdown plans the possibility of further changes in refinery capacity?

Mr. Vaughan. I think that is a question, Mr. Chairman, I will answer in part myself and give my colleague an opportunity to make a few comments.

With respect to the SPR, earlier this afternoon when we were discussing this point I made the statement that I thought we would be constantly assessing and reacting to a changing petroleum industry in this country as a permanent part of the SPR program from now on, and I think that includes not only piping connections and barge docks and so on, but mix of crudes and that sort of thing. I see that as a future portion of this program and a permanent portion.

At this very moment, we are taking a look beyond what the NPC study told us about refining and what we think future refining in the 1990's will look like, so we are, hopefully, a little ahead of the power curve.

I do think that we in this SPR program are trying to take an informed heads-up look at what is happening in that industry.

With respect to our colleagues in emergency preparedness, I know they are looking at this kind of problem, and I would point out that in my current additional responsibilities in charge of policy we have some work dealing with the subject of trying to assess the impacts and courses of action, if any, that are appropriate for the Government to take about imports of refined product. That is work that is ongoing now, and it is so new that I wouldn't even hazard a characterization at this point as to what it might say.

Senator McClure. Mr. Mares.

Mr. Mares. He is absolutely correct. We are pursuing the issues raised by independent refiners and others as to whether there is either an economic issue, a trade policy issue or a security issue for this country on the increases in refined products being imported into this country.

When we last reviewed that in 1981 we concluded there was no national security issue, but there is at least one study within Government, shared by the U.S. trade representative, and at least two external to the Government, one under NPC auspices, and one under API auspices, that are addressing facets of that issue. The results from those studies are likely to be forthcoming over the next 6 to 9 months.

Senator McClure. Did either the 1981 studies or those that have been undertaken since that time indicate a sufficient impact upon refinery operations and capability as to affect either the distribution or capacity questions with respect to SPR drawdown?

Mr. Mares. Not to my recollection, sir. Again, let's remember that SPR would come into effect only when there has been an energy supply disruption which, of course, means that there is within the infrastructure, both refining and transportation, some deficiency in supplies, and SPR is an offset to that supply.

Senator McClure. SPR is an offset, but if as a matter of fact imports cause refineries to close, therefore, pipelines to be abandoned, they are no longer available to you. We have already seen some of that happen and you are making some adjustments. Do you anticipate any more of that happening?

Mr. Mares. I think that there will be some, but let's recognize that the overall oil consumption in the country is down about 3 million barrels from where it was 4 years ago because of the increased efficiency in use of petroleum, and it would be a long time before those levels are achieved, if they ever are.

Senator McClure. The fraction of imports that is in finished or semifinished product has increased very rapidly over the last 18 months; is that not correct?

Mr. Mares. That is correct, from a very small base to still a small base, but not as small as it was before the rapid increase.

Senator McClure. You don't see trends as being significant enough at this time to affect the strategic petroleum reserve, its facilities, its distribution network, and its capacity to refine?

Mr. Mares. That is correct.

Senator McClure. Are studies underway now that have kind of a fixed reporting state or a conclusion of the studies? Or are they simply the ongoing kind of review that is necessary?

Mr. MARES. There are at least three that I am aware of. One I don't know the date, and that is the American Petroleum Institute; the NPC study is due at the end of this year; and within the interagency process there is a clear expectation that the study will be concluded well before the end of this calendar year regarding the refined product imports.

Senator McCLURE. But you don't have anything of a shorter timeframe than that?

Mr. MARES. Not that I am explicitly aware of, sir.

ADDITIONAL COMMITTEE QUESTIONS

Senator McCLURE. Thank you.

I have some additional questions to submit for the record; Senator Leahy had some questions to be submitted for the record; other members of the committee may also have some. I hope they will have them to us by close of business today so we can transmit them to you for response to the record.

Gentlemen, thank you very much for your testimony this afternoon.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

Additional Committee Questions

Budget Reduction from Moratorium

Question: Can you provide detailed information of $8 billion the proposed moratorium will save?

Answer: It is estimated that if the moratorium on Strategic Petroleum Reserve development and fill were extended through FY 1990, Federal budget outlays would be reduced by $8,092 million from FY 1986 through FY 1990. This reduction includes $7,633 million for petroleum acquisition and transportation and $459 million in other activities, principally storage facilities development and operations.

Crude Oil Costs

Question: It seems as if every time the government is selling something we happen to find a time when the price is historically low. On the other hand, whenever the government attempts to buy something we buy when the price is historically high. I don't think the SPR oil will ever be sold at bargain basement prices. However, the proposed moratorium would eliminate the opportunity for us to take advantage of the current favorable oil prices.

From strictly an investment standpoint, are we not moving into an era when the price paid for SPR oil could be at one of its lowest levels?

Answer: It is possible, but by no means certain, that oil prices will begin to rise in the late 1980's after having reached a low point in the mid-1980's.

Question: Therefore, since oil is currently at a near-term low price and since SPR oil is such a good investment, doesn't it make sense to continue purchasing oil?

Answer: In analyzing SPR oil purchases as a financial and economic investment, it is appropriate to take into account the direct and indirect costs of the additional Federal borrowing which would be required to continue SPR oil purchases. The Government's investment criterion is a ten percent real rate of return, and oil prices are not expected to rise by ten percent plus the rate of inflation under the assumptions in the President's FY 1986 budget, under normal market conditions. Therefore, any near-term economic value to further SPR oil purchases is linked to the potential for a supply disruption rather than the continuation of normal market conditions. For the FY 1985-FY 1986 period covered by the moratorium proposal, the potential for a major oil supply disruption is considered to be low.

Storage Cost of Oil

Question: As you know, costs to prepare caverns varied from cavern to cavern. Work at existing caverns was much cheaper than work at Big Hill. By the end of fiscal year 1985, what will be the storage cost per barrel for the estimated 489.1 million barrels of oil?

Answer: From SPR program inception through FY 1985, slightly under $2.4 billion will have been obligated for storage facilities development and operation, planning and management support and program direction. This represents an average cost of approximately $4.90 per barrel exclusive of oil acquisition and transportation.

Question: What would be the anticipated storage price per barrel for the remaining capacity?

Answer: In addition to the funds currently programmed in the President's budget for the FY 1985-FY 1990 period for activities other than oil acquisition and transportation, it would cost an estimated $561 million or $2.15 per barrel to complete a 750 million barrel system.

Question: How will this change if the moratorium is in place for one year? Two years?

Answer: The President's FY 1986 budget projects an inflation rate of 4.3 percent during 1986 and 4.1 percent during 1987. Inflation would represent the principal change in the costs for resuming SPR development.

It should be noted that such schedule changes would result in some aspects of SPR development being completed after FY 1990, the last year for which standby cost estimates have been developed. Thus, the base 489 million-barrel program, to which the $561 million would be added under conditions referred to above, would need to be extended into the future for comparative purposes.

Distribution Capability

Question: The recent National Petroleum Council Study found that upon completion of the currently planned 750 barrel SPR fill, the projected maximum distribution rate of 4.5 million barrels a day from the storage caverns will not be attainable. I can understand the budgetary pressures that would require a pause in the purchase of SPR oil. However, I am concerned that our distribution capabilities may not be adequate.

Question: Has the distribution goal of 4.5 million barrels a day been changed?

Answer: Under previous plans, the maximum initial site drawdown capability for a 750 million-barrel system was projected to be slightly below 4.5 million barrels per day.

During 1984, in the context of the 750 million-barrel system, the Department proposed enhancements to permit achieving a net distribution rate capability of approximately 4.0 million barrels per day. Further enhancements which would have been required to achieve 4.5 million barrels per day were not considered to be cost-effective to implement in the near-term. The Department indicated that it would continue to evaluate SPR distribution capabilities in the future to determine whether further enhancements were warranted.

If development and fill of SPR storage facilities for a 750 million-barrel system were resumed, we would expect to achieve a maximum initial drawdown rate of 4.5 million barrels per day and a net distribution capability of at least the 4.0 million barrels per day previously planned. We would also expect to continue to evaluate alternatives for further enhancements to SPR distribution capabilities.

Question: What will be the distribution capabilities if the moratorium goes into effect?

Answer: While the proposed moratorium is in effect, SPR drawdown capabilities will be limited to 3.25 million barrels per day, with a comparable distribution capability once planned enhancements are implemented. Prior to implementation of such enhancements and completion of 489 million barrels in fill, net SPR distribution is currently limited to approximately 2.3 million barrels per day.

SPR Objectives

Question: If Congress approves the indefinite moratorium on further development of the Strategic Petroleum Reserve as proposed in this budget we will be approving the change in objectives of the reserve from one of filling it to one of standby readiness. What needs to be done and what will it cost to make this transition from one of filling to one of standby readiness? Are detailed plans for this transition being developed? If so, when can the Committee expect to see a draft of these plans?

Answer: The SPR is currently developing a plan which will address in more detail the activities and cost associated with a transition to standby readiness. This plan should be available in May 1985. Major emphasis is being placed on identifying the activities and labor mix required to maintain the SPR in a state of readiness for drawdown and retain the capability for an orderly resumption of capacity development and fill operations. The transition plan will also address an orderly phase-down of surface construction activities to a state that will allow resumption of such activities without significant cost or delay. We do not expect any significant additional cost attributable to transition; however, should significant additional cost be identified during transition planning, the Congress will be notified.

SPR Use of Energy Information Administration

Question: The fiscal year 1986 request provides funding for management support contracts in various capacities with the Energy Information Administration. These areas include logistics information and reporting systems, software enhancements, data systems support, etc... How would the use of EIA by SPR change with the moratorium and the change to standby readiness?

Answer: In previous years, the funding for EIA has included costs for supporting both oil fill and drawdown readiness operations. The proposed moratorium on oil fill will result in the archiving of approximately 15 software applications which support oil fill operations. The cost savings for hardware utilization, software maintenance, and contractor support will be maximized. Approximately 11 software systems will be utilized to support standby and drawdown readiness functions and will not be impaired. Continued use of the EIA computer facility is still envisioned.

Cost of Utilities

Question: Because of the moratorium, the budget proposes to decrease the level for Utilities from 25 million, 467 thousand dollars in fiscal year 1985 to 18 million, 121 thousand dollars in fiscal year 1986. As I understand it, this budget reflects the anticipated power requirements for SPR in the standby operations mode plus the minimum demand charges required to assure availability of adequate power should a drawdown be required. Power requirements will only be reduced by 7 million dollars in a standby mode? Are separate generators provided in case of emergency?

Answer: The $7 million reduction reflects the estimated reduction in electric power consumption costs associated with the discontinuance of cavern leaching operations. The FY 1986 budget includes the basic demand charges to assure availability of electric power for standby operations and drawdown, plus the estimated power consumption of required activities other than cavern leaching such as drawdown testing, site lighting, and operational maintenance of security, control and personnel staffing facilities.

Emergency generators exist at each site to maintain essential functions such as site lighting, central controls, safety and security in the event of a power outage; however, such emergency power generation is not sufficient to perform leaching, fill or drawdown operations.

Bayou Choctaw Cavern Exchange

Question: Phase II capacity at Bayou Choctaw consists of an existing privately owned 10 MMB cavern (Cavern 17) to be acquired in FY 1985 in exchange for a smaller cavern (Cavern 102) the leaching of which was completed in October, 1984. This cavern exchange was initiated in 1979 to resolve a potential safety issue where the privately-owned cavern, in which ethane is stored, was not sufficiently distant from a Phase I SPR cavern a Bayou Choctaw.

In light of the moratorium, will these caverns still be exchanged?

Answer: Yes. Certification of cavern 102 was completed on January 7, 1985 and the cavern was released by DOE and accepted by Union Texas Petroleum on January 14, 1985.

Question: What will be done with the ethane?

Answer: Union Texas Petroleum (UTP) has completed necessary piping for transfer of the ethane from Cavern 17 to Cavern 102. Ethane transfer is anticipated to commence in March, 1985. At the completion of the ethane transfer, UTP will certify Cavern 17 and initiate the transfer of the cavern to DOE.

Question: What is the completion date for this plan?

Answer: Completion of the ethane transfer is anticipated before the end of FY 1985. Certification and transfer of cavern 17 to DOE will follow immediately. Cavern 17 will then be readied by DOE for crude oil storage by the drilling of an additional well and connecting the cavern to existing Bayou Choctaw pumping facilities. Cavern 17 is scheduled to be available for oil fill in FY 1987.

Industrial Risk Insurers Recommendations

Question: One of the objectives of the Capital Improvements program in fiscal year 1986 is to provide a deluge sprinkler system at all operating sites, consistent with the recommendation of the Industrial Risk Insurers (IRI).

What other recommendations were made by the Industrial Risk Insurers? Are there plans to implement these also?

Answer: Industrial Risk Insurers made a total of 210 recommendations on the seven Strategic Petroleum Reserve sites which consisted of approximately 587 separate actions. Industrial Risk Insurers included recommendations on "housekeeping," "maintenance," "operational changes" and "capital improvements." Almost all of the recommendations resulting from the IRI Loss Prevention Surveys have been closed out except for the ones that require capital improvements. Examples of capital improvements, in addition to the deluge sprinkler system are as follows:

- Upgrading central control room Halon fire extinguishing systems
- New fire water tanks and pumps
- Buiding sprinkler systems
- Additional fire hydrants, monitors and sectional valves
- Relocating pipelines belonging to others
- Fire pump houses
- Replace trailers and other portable buildings
- Electrical transformer fire extinguishing systems

The Project Management Office is currently evaluating an implementation plan which involves a mix of deluge system and other IRI identified items to be constructed. This mix is still under consideration. Ultimately, all items identified as Category I and II with respect to risk will be incorporated into the construction program; lower risk items will be evaluated in accordance with their cost effectiveness and available funding.

SPR FTE's

Question: The budget proposes to reduce the manpower of SPR from 173 FTE's in fiscal year 1985 to 120 FTE's in fiscal year 1986. According to the justification, 8 million 812 thousand dollars will be spent on personnel compensation in fiscal year 1985 or an average of 50 thousand, 937 dollars per FTE. In fiscal year 1986 you are proposing to spend 5 million, 153 thousand dollars for the 120 FTE's for an average of 42 thousand 942 dollars per FTE. This indicates to me that some very talented people are leaving the program and it would be very hard, if at all possible to get those talents back in case of an emergency. What is the impact of this proposed moratorium on staff? Are any "RIF's" planned?

Answer: The Department has not yet developed revised staffing plans for the Strategic Petroleum Reserve Office. No plans have been established at this time for any reduction-in-force actions.

Question: Could you provide a grade distribution for fiscal year 1985 and fiscal year 1986 if Congress agrees with the moratorium?

Answer: The following table provides a grade distribution for full-time permanent personnel assigned in 1985 to the SPR Office. In addition, there were 20 individuals employed in part-time or temporary positions representing the equivalent of 16 full-time personnel. No comparable staffing plan has been developed for FY 1986.

FTP
Grade Distribution
January 1985

	ORO	PMO	HQ	Total
SES	1	4	4	9
GS-15	1	4	8	13
GS-14	-	24	11	35
GS-13	2	37	5	44
GS-12	-	26	1	27
GS-11	-	5	-	5
GS-9	-	4	-	4
GS-8	-	2	3	5
GS-7	1	7	5	13
GS-6	1	4	2	7
GS-5	-	4	-	4
	6	121	39	166

Question: If Congress agrees with the moratorium this year and reverses itself a few years down the road how will these personnel talents be replaced?

Answer: The Department does not have a revised staffing plan for the Strategic Petroleum Reserve, so we are not in a position to say what types of skills might have to be replaced. The small size of the Strategic Petroleum Reserve Office relative to overall Department staffing would make it possible to recruit some staff with project management skills from within the Department, and the general location of the Reserve facilities may also make it possible to recruit from the petroleum industry and associated construction and technical disciplines.

Question: It would seem to me that simply proposing a moratorium, even if it is is not agreed to by Congress puts employees in a very uncertain position and may lead them to begin searching for new jobs. Of course the most talented people would, unfortunately, go first. Do you agree with this assessment? What do you propose to counter act this "brain drain."

Answer: It is true that the individuals with the most readily transferrable skills have the broadest range of alternative opportunities and may tend to be the first to find other jobs. However, we would also expect to retain experienced staff with in-depth program knowledge who are satisfied in their current positions. Maintaining broad and active staff participation in transition planning and other ongoing activities would appear to be one way to help maintain job satisfaction for those who might choose to remain within the program. Assisting others in finding positions within the Department is another method we are using to help retain expertise within the agency.

Question: Can you give us an update of the incremental costs at each site and by phase of what is proposed to get us to 750 million barrels?

Answer: The Department does not have a specific proposal for achieving 750 million barrels in capacity. However, the following would be the estimated incremental costs by site for achieving 750 million barrels in capacity by 1990 through resumption of development in the 1985 time-frame. These amounts represent costs over those projected in the President's FY 1986 budget for the FY 1985-90 period. They are not expressed by Phase because the proposed conversion of sites to a standby mode effectively eliminates Phases as a budget and accounting structure.

	Incremental Cost ($ millions)	
Bryan Mound	$ 12.1	
West Hackberry	23.6	
Bayou Choctaw	22.7	
Big Hill	320.4	
Non-site Specific	123.7	1/
Subtotal, Facilities	$502.5	
Planning	20.1	
Program Direction	38.5	
Total	$561.1	

1/ Includes distribution enhancements and other added costs not specifically identifiable to a particular site.

Question: Have we spent money we will not ever get a return on? What can we do to minimize this?

Answer: Since we have retained the goal of a 750 million-barrel system, the Department does not believe that funds have been spent on SPR facilities development activities for which the government will receive no benefit. In the Department's planning for transition of SPR sites to a standby drawdown readiness mode, prudent actions are being taken to avoid deterioration of incomplete facilities and steps are being taken to maintain the widest range of policy alternatives available for the future.

Proposed Moratorium

Question: Is the operating cost substantially higher or lower at any particular site?

Answer: The table below provides a breakdown by site of the FY 1986 request for funding the operations of SPR facilities in a standby-readiness mode. As can be seen from the table, there is no uniformity in requirements from one site to another.

The major costs in a standby-readiness mode are those for standby power and the operations and maintenance (O&M) activities necessary to assure a sustained drawdown capability in the event of an emergency. As the table shows, 70% of the inventory in storage during FY 1986 will be located at Bryan Mound and West Hackberry, and the funding requested for these sites is very significantly higher than for the three sites with much smaller inventories. For Big Hill, where no oil will be in storage, the request funds only minimum standby power costs and security.

Site	Inventory (MMB)	FY 1986 Obligations ($000)
Bryan Mound	186	$ 18,239
West Hackberry	156	20,407
Bayou Choctaw	46	8,039
Sulphur Mines	26	3,232
Weeks Island	73	4,442
Big Hill	-	3,746

Site	Inventory (MMB)	FY 1986 Obligations ($000)
St. James Terminal	-	5,119
Non-Site Specific 1/	-	43,512
Facilities Total	487 2/	$106,736

1/ Does not include Distribution Enhancements.

2/ Does not include tank and pipeline inventory of 2 MMB.

Question: Have contracts been cancelled that would have been let by now? Is there a significant cost involved with these terminations?

Answer: Solicitations were cancelled for three Big Hill contracts that would have been awarded by now. These solicitation's and the estimated award values of the contracts are as follows:

Solicitation Number	Description	Estimated Value
DE-FB96-84P060002	Raw Water & Brine Pipelines	$ 51,030,000
DE-FB96-85P060003	Stage II Construction	46,040,000
DE-FB96-85P060010	Crude Oil Pipeline	26,069,000
		$123,139,000

There were no significant costs involved in cancelling these solicitations.

Question: Could you provide for the Committee a list of key activities (time frame and dollar values) if the planned activities were to continue as if we had planned to go ahead and fill to 750 MMB.

Answer: The following is a list of key activities which were planned for the 750 million barrel system:

For Big Hill:

- Install Stage I major equipment (planned to be warehoused)
- Award and complete brine and raw water pipeline construction
- Award and complete Stage II construction
- Procure crude oil pipeline
- Award and complete crude oil pipeline construction

If funds were provided for these Big Hill activities, the brine and raw water pipeline could be completed in 12 months; the Stage II construction could be completed in 18 months and the crude oil pipeline in 20 months. Cavern leaching could commence in 15 to 18 months and would require approximately 48 months (from start) to complete.

In addition to the Big Hill key activities, cavern leaching would have been completed in June 1986 at Bryan Mound, in August 1987 at West Hackberry, and in

December 1988 at Bayou Choctaw. Funds for the construction of the physical protection system at Bayou Choctaw would have been obligated in FY 1986.

After FY 1985, 261 million barrels of oil would have been purchased for the 750 million barrel system.

Page 2-18 of the President's FY 1986 Budget provides an overview of some of the budget savings associated with major program changes such as the moratorium on SPR fill. It compares a "current services estimate" of the likely budget outlays associated with continuing SPR development and fill at the FY 1985 minimum fill rate of 159,000 barrels per day to the financial plans under the Administration's proposal. Outlays are presented in billions of dollars, and projections show a savings of $8.1 billion from adoption of the moratorium policy if continued through 1990.

Table 1 presents the budget authority and outlays for the SPR under this "current services" concept along with a comparison to current projections. Budget authority and outlay amounts do not match precisely, due to differences in time-phasing. Overall, budget outlays are reduced by approximately $8092 million over the FY 1986-FY 1990 period, of which $459 million or about 6 percent is in the on-budget account and the remainder is in the off-budget account.

The difference reflects the anticipated cost of activities required to develop facilities and fill to 750 million barrels.

Table 1

Strategic Petroleum Reserve
FY 1986 Congressional Budget
(dollars in millions)

	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 86-90
Current Services Estimates						
Budget Authority						
On-Budget	304	229	192	183	179	1087
Off-Budget	1674	1665	1727	1782	-	6848
Total	1978	1894	1919	1965	179	7935
Budget Outlays						
On-Budget	383	279	221	186	202	1271
Off-Budget	1646	1650	1689	1753	1043	7781
Total	2029	1929	1910	1939	1245	9052
FY 1986 Request						
Budget Authority						
On-Budget	0	43	139	136	131	449
Off-Budget	0	0	0	0	0	0
Total	0	43	139	136	131	449
Budget Outlays						
On-Budget	230	172	140	138	132	812
Off-Budget	148	-	-	-	-	148
Total	379	172	140	138	132	960
Change from Current Services to FY 1986 Request						
Budget Authority						
On-Budget	- 304	- 186	- 53	- 47	-48	- 638
Off-Budget	-1674	-1665	-1727	-1782	-	-6848
Total	-1978	-1851	-1780	-1829	- 48	-7486
Budget Outlays						
On-Budget	- 153	- 107	- 81	- 48	- 70	- 459
Off-Budget	-1498	-1650	-1689	-1753	-1043	-7633
Total	-1651	-1757	-1770	-1801	-1113	-8092

Long Lead Procurements

Question: Are there any long lead procurements that, if cancelled, would significantly impact our ability to resume facilities development in a timely manner if the moratorium were ended? For instance, because of the moratorium, if we cancel a particular contract for something that is about to be shipped and then reorder the same item after the moratorium is lifted a year or two later will it fall to the bottom of the order list and thus turn a two month delay into an 18 month delay?

Answer: The Strategic Petroleum Reserve has formed a team to review the status of Big Hill construction and to identify long lead items whose termination may result in undue delay on the resumption of operations. No contracts for long lead items have been terminated and actions, such as the acquisition of the pipeline rights of way, which could have resulted in substantial delays, have been identified and will be completed as part of the transition to standby.

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

SPR 90-Day Criterion

Question: Mr. Vaughan, based on the the Energy Information Administration's net import scenario contained on page 277 of the 1984 "Annual Energy Outlook," what petroleum fill rates must occur each year over the next five years to maintain at least a 90-day import cushion in the Strategic Petroleum Reserve.

Answer: The Energy Information Administration scenario referred to is the "Low World Oil Price Case" which projects net U.S. oil imports, excluding SPR oil fill, as follows:

Calendar Year	Net U.S. Oil Imports (Millions of Barrels Per Day)
1986	5.32
1987	5.86
1988	6.31
1989	6.80
1990	7.42

Application of a 90-day import criterion to this particular forecast, and converting to a fiscal year basis for simplicity, the following are the implied cumulative and annual fill levels for the Strategic Petroleum Reserve:

Fiscal Year	Cumulative SPR Fill (MMB)	Average Daily Fill Rate (MBD)
1986	478.8	0
1987	527.4	105
1988	567.9	111
1989	612.0	121
1990	667.8	153

Question: What would be the annual budget authority and outlay requirements in each year to met the 90-day minimum?

Answer: Based on the oil fill profile referenced above, completing with 667.8 million barrels by FY 1990, the following would be the annual budget authority and outlay estimates for SPR petroleum acquisition and transportation.

	($ millions) Budget Authority	Outlays
FY 1986	$ 0	$ 148 1/
FY 1987	$ 855 2/	$ 999
FY 1988	$1259	$1175
FY 1989	$1543	$1324
FY 1990	$ 875	$1715
FY 1991	$ 0	$ 146 1/

1/ Spendout of prior year delivery costs
2/ Represents net BA requirements after use of $827 million in deferred funds assumed to remain available.

Question: What facilities not presently planned to be completed in the 1986 President's budget proposal would have to be funded in order to meet the 90-day minimum requirements?

Answer: Under the cumulative fill targets computed pursuant to the assumptions provided earlier, the capacity requirements through FY 1988 could be achieved through continued development at Bryan Mound and West Hackberry. The FY 1989 target would further require continued development of Bayou Choctaw, and the FY 1990 target would entail at least partial development of the Big Hill site.

Question: What would be the construction and related on-budget program costs in terms of budget authority and outlays to meet the 90-day minimum?

Answer: The Department does not have a specific alternative for achieving 667.8 million barrels by 1990. However, the following table compares the facilities development and operations, program direction, and planning budget requirements for resumption of development of a 750 million-barrel system to the amounts projected for these activities in the President's 1986 budget.

($ in millions)

	President's Budget		Resumption of 750 MMB Development	
Fiscal Year	BA	BO	BA	BO
1986	$ 0	$230	$187	$386
1987	43	172	213	263
1988	139	140	205	207
1989	136	138	201	202
1990	131	132	206	204

SPR Fill Scenarios

Question: Mr. Vaughan, your staff has provided, at the Subcommittee's request 14 different fill scenarios with related costs for the SPR. Would you please supply that information for the record.

Answer: The March 5, 1985, paper entitled "SPR Oil Fill Scenarios" is provided for the record.

March 5, 1985

SPR Oil Fill Scenarios

This is to respond to a request from the staff of the Senate Appropriations Subcommittee on Interior and Related Agencies for analysis of alternative SPR Oil Fill Scenarios.

(1) Identify, by site, storage capacity increment and total for end of each of the following fiscal years: 1985, 1986, 1987, 1988, 1989, and 1990, and 1991.

Response: Table 1 provides an overview of all 14 fill scenarios associated with two alternative capacity development plans:

A. Development of 610 MMB in capacity
B. Development of 750 MMB in capacity

In both cases it was assumed that capacity development resumed in FY 1985 with no delay and that oil fill in any particular year would be either the target rate provided or SPR permanent capacity, whichever was lower.

Table 2 provides the annual increase in capacity development associated with the two facilities development scenarios.

(2) Identify, by site, cost per barrel for each increment of storage.

Response:

Table 3 provides the requested information on the incremental costs in the FY 1985 - FY 1990 period, over those already budgeted, to complete Scenario A (610 MMB) and Scenario B (750 MMB) systems.

(3) Identify, by site, oil-fill increment and total for the end of FY 1985, 1986, 1987, 1988, 1989, 1990, and 1991.

Response:

Table 4 describes the annual oil fill increment under each of the fourteen scenarios. Most involve under-fill of permanent capacity under development scenarios A and B, and no attempt has been made to plan or predict a fill pattern by site.

(4) Identify, by site, total on-budget funding requirements related to the proposal for each of the following:

Facilities

Planning and Management

Program Direction

Response:

Table 3 provides data on incremental direct development costs by site where identifiable. New Orleans costs, distribution enhancements, management reserve, and engineering costs are included separately, Planning and Program Direction costs are added incrementally in conjunction with the elapsed years under each development scenario, before the SPR would be converted to a standby status. Costs for maintaining an oil fill capability beyond 1990 are not included, but are likely within the error range of the oil price forecasts employed below.

(5) Identify total related funding requirements for petroleum acquisition in budget authority and outlay terms.

Response:

Table 5 provides the annual financial requirements for each of the oil fill scenarios on Table 4.

(6) Please list the assumed price of oil each year.

Response:

Table 5 includes price assumptions used.

(7) Break down the $8 billion proposed five year moratorium savings by year, phase, and site.

Response:

The $8 billion in outlay savings during the FY 1986 - FY 1990 period is summarized on Table 6. Table 7 compares on-budget obligations by site in the current services concept to the FY 1986 request for the FY 1985 - FY 1990 period.

Table 1

March 4, 1985

Strategic Petroleum Reserve
SPR Oil - Fill Scenarios

Cumulative Capacity Development (MMB), End of FY

	EOY FY 1985																	
	Permanent Capacity	Est. Fill	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
Scenario A																	
Bryan Mound	199	185.6	226	226	226	226	226	226	226								
West Hackberry	152	156.2	177	215	219	219	219	219	219								
Sulphur Mines	26	26.1	26	26	26	26	26	26	26								
Weeks Island	73	73.0	73	73	73	73	73	73	73								
Bayou Choctaw	46	46.0	46	56	56	66	66	66	66								
Tanks/PL	-	2.2															
Total	496	489.1	548	596	600	610	610	610	610								
Scenario B																	
Scenario A, plus	496	0	548	596	600	610	610	610	610								
Big Hill	0	0	0	20	62	104	140	140	140								
Total	496	489.1	548	616	662	714	750	750	750								
Fill Scenarios (Target Rate Up to Capacity)																	
1. A. (50 MBD)		489.1	507.4	525.6	543.9	562.2	580.4	598.7	610.0	610.0	610.0	610.0	610.0	610.0	610.0	610.0	610.0
B. (50 MBD)		489.1	507.4	525.6	543.9	562.2	580.4	598.7	617.0	635.2	653.5	671.7	690.0	708.3	726.5	744.8	750.0
2. A. (75 MBD)		489.1	516.5	543.9	571.3	598.7	610.0	610.0	610.0	610.0	610.0	610.0					
B. (75 MBD)		489.1	516.5	543.9	571.3	598.7	626.1	653.4	680.9	708.3	735.6	750.0					
3. A. (100 MBD)		489.1	525.6	562.1	598.7	610.0	610.0	610.0	610.0	610.0							
B. (100 MBD)		489.1	525.6	562.1	598.7	635.2	671.7	708.2	744.8	750.0							
4. A. (125 MBD)		489.1	534.7	580.4	600.0*	610.0	610.0	610.0									
B. (125 MBD)		489.1	534.7	580.4	626.1	671.7	717.4	750.0									
5. A. (159 MBD)		489.1	547.1	596.0*	600.0*	610.0	610.0										
B. (159 MBD)		489.1	547.1	605.1	662.0*	714.0*	750.0										
6. A. (Mixed)		489.1	507.4	543.9	600.0*	610.0	610.0	610.0									
MBD			50	100	159	159	159	159									
B. (Mixed)		489.1	507.4	543.9	602.0	660.0	718.0	750.0									
7. A. (Mixed)		489.1	489.1	507.4	544.0	580.5	610.0	610.0	610.0	610.0	610.0						
MBD			0	50	100	100	100	100	100	100	100						
B. (Mixed)		489.1	489.1	507.4	544.0	580.5	617.0	653.5	690.1	726.6	750.0						

* Capacity Constrained

March 4, 1985

Table 2

Strategic Petroleum Reserve

Annual Storage Capacity Increment
(MMB per Fiscal Year)

	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991
Scenario A						
Bryan Mound	27	0	0	0	0	0
West Hackberry	25	38	4	0	0	0
Bayou Choctaw	0	10	0	10	0	0
Total	52	48	4	10	0	0
Scenario B						
Bryan Mound	27	0	0	0	0	0
West Hackberry	25	38	4	0	0	0
Bayou Choctaw	0	10	0	10	0	0
Big Hill	0	20	42	42	36	0
Total	52	68	46	52	36	0

March 4, 1985

Table 3

Non- Oil Costs for SPR Development Alternatives
(obligations in millions, FY 1985 - FY 1990)

	Scenario A			Scenario B		
	Incremental Cost (millions) 1/	Incremental Capacity (MMB)	Cost Per Barrel	Incremental Cost (millions) 1/	Incremental Capacity (MMB)	Cost Per Barrel
Bryan Mound	$ 12.1	27	$ .45	$ 12.1	27	$ .45
West Hackberry	$ 23.6	67	$ .35	$ 23.6	67	$ .35
Bayou Choctaw	$ 22.7	20	$ 1.14	$ 22.7	20	$ 1.14
Big Hill	0	0	0	$ 320.4	140	$ 2.29
Other Facilities	$ 39.9	N/A	N/A	$ 123.7 2/	N/A	N/A
Subtotal, Facilities .	$ 98.3	114	$ .86	$ 502.5	254	$ 1.98
Planning and Management Support	$ 12.0	N/A	N/A	20.1	N/A	N/A
Program Direction	19.3	N/A	N/A	38.5	N/A	N/A
Total	$ 129.6	114	$ 1.14 3/	$ 561.1	254	$ 2.21

1/ Incremental over FY 1986 budget projections through 1990.

2/ Includes distribution enhancements

3/ February 12 working paper indicated $1.07 per barrel for 489-610 increment and $2.15 per barrel for 489-750 increment. The above analysis starts at 496 MMB, yielding slightly higher unit costs.

March 4, 1985

Table 4

Strategic Petroleum Reserve

Annual Oil Fill
(MMB / FY)

	Scenario 1		Scenario 2		Scenario 3		Scenario 4		Scenario 5		Scenario 6		Scenario 7	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Cum. Fill, EOY 85	489.10	489.10	489.10	489.10	489.10	489.10	489.10	489.10	489.10	489.10	489.10	489.10	489.10	489.10
FY 1986 Annual	18.25	18.25	27.375	27.375	36.5	36.5	45.625	45.625	58.0	58.0	18.25	18.25	0	0
Cum.	507.35	507.35	516.48	516.48	525.6	525.6	534.73	534.73	547.1	547.1	507.35	507.35	489.10	489.10
FY 1987 Annual	18.25	18.25	27.375	27.375	36.5	36.5	45.625	45.625	48.9	58.0	36.5	36.5	18.25	18.25
Cum.	526.60	526.60	543.85	543.85	562.1	562.1	580.35	580.35	596.0	605.1	543.85	543.85	507.35	507.35
FY 1988 Annual	19.30	18.30	27.450	27.450	36.6	36.6	19.65	45.750	4.0	56.9	56.15	58.19	36.6	36.6
Cum.	543.90	543.90	571.30	571.30	598.7	598.7	600.0	626.10	600.0	662.0	600.0	602.0	543.95	543.35
FY 1989 Annual	18.25	18.25	27.375	27.375	11.3	36.5	10.0	45.625	10.0	52.0	10.0	58.0	36.5	36.5
Cum.	562.15	562.15	598.68	598.68	610.0	635.2	610.0	671.73	610.0	714.0	610.0	660.0	580.45	580.45
FY 1990 Annual	18.25	18.25	11.375	27.375	0	36.5	0	45.625	0	36.0	0	58.0	29.55	36.5
Cum.	580.40	580.40	610.0	626.05	610.0	671.7	610.0	717.35	610.0	750.0	610.0	718.00	610.0	616.95
FY 1991 Annual	18.25	18.25	0	27.375	0	36.5	0	32.65	0	0	0	32.0	0	36.5
Cum.	598.65	598.65	610.0	653.43	610.0	708.2	610.0	750.0	610.0	750.0	610.0	750.0	610.0	653.45
FY 1992 Annual	11.35	18.30	0	27.450	0	36.6	0	0	0	0	0	0	0	36.6
Cum.	610.0	616.95	610.0	680.875	610.0	744.8	610.0	750.0	610.0	750.0	610.0	750.0	610.0	690.05
FY 1993 Annual	0	18.25	0	27.375	0	5.2	0	0	0	0	0	0	0	36.5
Cum	610.0	635.20	610.0	708.25	610.0	750.0	610.0	750.0	610.0	750.0	610.0	750.0	610.0	726.55
FY 1994 Annual	0	18.25	0	27.375	0	0	0	0	0	0	0	0	0	23.45
Cum.	610.0	653.45	610.0	735.625	610.0	750.0	610.0	750.0	610.0	750.0	610.0	750.0	610.0	750.0
FY 1995 Annual	0	18.25	0	14.375	0	0	0	0	0	0	0	0	0	0
Cum.	610.0	671.70	610.0	750.0	610.0	750.0	610.0	750.0	610.0	750.0	610.0	750.0	610.0	750.0
FY 1996 Annual	0	18.30	0	0	0	0	0	0	0	0	0	0	0	0
FY 1997 Annual	0	18.25	0	0	0	0	0	0	0	0	0	0	0	0
FY 1998 Annual	0	18.25	0	0	0	0	0	0	0	0	0	0	0	0
FY 1999 Annual	0	18.25	0	0	0	0	0	0	0	0	0	0	0	0
FY 2000 Annual	0	5.25	0	0	0	0	0	0	0	0	0	0	0	0
Cumulative	610.0	750.0	610.0	750.0	610.0	750.0	610.0	750.0	610.0	750.0	610.0	750.0	610.0	750.0

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TABLE 9

03/05/85

STRATEGIC PETROLEUM RESERVE
OIL COST AND BUDGET PROFILES
ALTERNATIVE FILL SCENARIOS
(DOLLARS IN MILLIONS)

	Through FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	TOTAL
Annual Average Oil Price ($/BBL)		$28.37	$28.45	$29.20	$30.30	$31.37	$32.37	$33.47	$34.61	$35.79	$37.01	$38.27	$39.57	$40.92	$42.31	$43.75	
Fill Scenario 1.A																	
Oil Cost	$14,294	$518	$519	$534	$553	$573	$591	$378	$0	$0	$0	$0	$0	$0	$0	$0	$17,960
BA	15,136	0	464	544	563	582	484	189	0	0	0	0	0	0	0	0	17,962
BO	14,146	623	519	533	551	571	589	428	0	0	0	0	0	0	0	0	17,960
Fill Scenario 1.B																	
Oil Cost	14,294	518	519	534	553	573	591	613	632	653	675	700	722	747	772	230	23,326
BA	15,136	0	464	544	563	582	602	622	642	664	688	711	734	760	616	0	23,328
BO	14,146	623	519	533	551	571	589	611	630	652	674	698	720	745	770	294	23,326
Fill Scenario 2.A																	
Oil Cost	14,294	777	779	802	829	355	0	0	0	0	0	0	0	0	0	0	17,836
BA	15,136	326	790	816	592	178	0	0	0	0	0	0	0	0	0	0	17,838
BO	14,146	860	779	800	827	424	0	0	0	0	0	0	0	0	0	0	17,836
Fill Scenario 2.B																	
Oil Cost	14,294	777	779	802	829	859	886	910	947	988	532	0	0	0	0	0	22,603
BA	15,136	326	790	816	844	872	902	933	964	756	266	0	0	0	0	0	22,605
BO	14,146	860	779	800	827	856	884	916	945	977	613	0	0	0	0	0	22,603
Fill Scenario 3.A																	
Oil Cost	14,294	1,036	1,038	1,069	342	0	0	0	0	0	0	0	0	0	0	0	17,779
BA	15,136	715	1,054	705	171	0	0	0	0	0	0	0	0	0	0	0	17,781
BO	14,146	1,098	1,038	1,066	431	0	0	0	0	0	0	0	0	0	0	0	17,779
Fill Scenario 3.B																	
Oil Cost	14,294	1,036	1,038	1,069	1,106	1,145	1,181	1,225	180	0	0	0	0	0	0	0	22,274
BA	15,136	715	1,054	1,087	1,125	1,163	1,203	793	0	0	0	0	0	0	0	0	22,276
BO	14,146	1,098	1,038	1,066	1,103	1,142	1,178	1,221	282	0	0	0	0	0	0	0	22,274
Fill Scenario 4.A																	
Oil Cost	14,294	1,294	1,298	574	0	0	0	0	0	0	0	0	0	0	0	0	17,460
BA	15,136	1,103	936	287	0	0	0	0	0	0	0	0	0	0	0	0	17,462
BO	14,146	1,335	1,298	681	0	0	0	0	0	0	0	0	0	0	0	0	17,460

TABLE 5

03/05/85

STRATEGIC PETROLEUM RESERVE
OIL COST AND BUDGET PROFILES
ALTERNATIVE FILL SCENARIOS
(DOLLARS IN MILLIONS)

	Through FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	TOTAL
Fill Scenario 4.B																	
Oil Cost	14,294	1,298	1,298	1,336	1,382	1,431	1,057	0	0	0	0	0	0	0	0	0	22,092
BA	15,136	1,103	1,317	1,339	1,407	1,244	528	0	0	0	0	0	0	0	0	0	22,094
BO	14,146	1,335	1,298	1,332	1,378	1,427	1,176	0	0	0	0	0	0	0	0	0	22,092
Fill Scenario 5.A																	
Oil Cost	14,294	1,646	1,391	117	303	0	0	0	0	0	0	0	0	0	0	0	17,751
BA	15,136	1,501	754	210	152	0	0	0	0	0	0	0	0	0	0	0	17,753
BO	14,146	1,657	1,412	233	303	0	0	0	0	0	0	0	0	0	0	0	17,751
Fill Scenario 5.B																	
Oil Cost	14,294	1,646	1,650	1,661	1,576	1,129	0	0	0	0	0	0	0	0	0	0	21,956
BA	15,136	1,630	1,656	1,619	1,352	565	0	0	0	0	0	0	0	0	0	0	21,958
BO	14,146	1,657	1,650	1,660	1,583	1,260	0	0	0	0	0	0	0	0	0	0	21,956
Fill Scenario 6.A																	
Oil Cost	14,294	518	1,038	1,640	303	0	0	0	0	0	0	0	0	0	0	0	17,793
BA	15,136	197	1,339	971	152	0	0	0	0	0	0	0	0	0	0	0	17,795
BO	14,146	623	995	1,589	440	0	0	0	0	0	0	0	0	0	0	0	17,793
Fill Scenario 6.B																	
Oil Cost	14,294	518	1,038	1,699	1,737	1,819	1,036	0	0	0	0	0	0	0	0	0	22,142
BA	15,136	197	1,369	1,728	1,788	1,428	518	0	0	0	0	0	0	0	0	0	22,164
BO	14,146	623	995	1,644	1,753	1,814	1,187	0	0	0	0	0	0	0	0	0	22,162
Fill Scenario 7.A																	
Oil Cost	14,294	0	519	1,069	1,106	927	0	0	0	0	0	0	0	0	0	0	17,915
BA	15,136	0	214	1,087	1,016	464	0	0	0	0	0	0	0	0	0	0	17,917
BO	14,146	148	476	1,023	1,103	1,019	0	0	0	0	0	0	0	0	0	0	17,915
Fill Scenario 7.B																	
Oil Cost	14,294	0	519	1,069	1,106	1,145	1,182	1,225	1,263	839	0	0	0	0	0	0	22,642
BA	15,136	0	214	1,087	1,125	1,164	1,203	1,244	1,051	420	0	0	0	0	0	0	22,644
BO	14,146	148	476	1,023	1,103	1,142	1,178	1,221	1,260	945	0	0	0	0	0	0	22,642

Table 6

Strategic Petroleum Reserve
FY 1986 Congressional Budget
(dollars in millions)

	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 86-90
Current Services Estimates						
Budget Authority						
On-Budget	304	229	192	183	179	1087
Off-Budget	1674	1665	1727	1782	-	6848
Total	1978	1894	1919	1965	179	7935
Budget Outlays						
On-Budget	383	279	221	186	202	1271
Off-Budget	1646	1650	1689	1753	1043	7781
Total	2029	1929	1910	1939	1245	9052
FY 1986 Request						
Budget Authority						
On-Budget	0	43	139	136	131	449
Off-Budget	0	0	0	0	0	0
Total	0	43	139	136	131	449
Budget Outlays						
On-Budget	230	172	140	138	132	812
Off-Budget	148	-	-	-	-	148
Total	379	172	140	138	132	960
Change from Current Services to FY 1986 Request						
Budget Authority						
On-Budget	- 304	- 186	- 53	- 47	-48	- 638
Off-Budget	-1674	-1665	-1727	-1782	-	-6848
Total	-1978	-1851	-1780	-1829	- 48	-7486
Budget Outlays						
On-Budget	- 153	- 107	- 81	- 48	- 70	- 459
Off-Budget	-1498	-1650	-1689	-1753	-1043	-7633
Total	-1651	-1757	-1770	-1801	-1113	-8092

March 5, 1985

Table 7

Strategic Petroleum Reserve
Comparison of Current Service Budget and FY 1986 Request-On-Budget Account
(Obligations in Millions)

	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990
Current Services						
Bryan Mound	$ 33.6	$ 28.5	$ 19.3	$ 11.4	$ 11.8	$ 12.5
West Hackberry	36.6	29.8	36.5	15.4	11.8	12.5
Bayou Choctaw	23.3	15.9	15.2	14.3	7.4	6.0
Big Hill	181.8	43.6	34.2	37.9	40.5	38.4
Weeks Island	4.0	3.9	4.3	5.1	5.4	6.0
Sulphur Mines	2.3	2.5	2.8	3.0	3.2	3.3
St. James	-	-	-	-	-	-
Other Terminalling	-	-	-	-	-	-
New Orleans Const.	6.4	-	-	-	-	-
New Orleans Operations	38.3	36.5	37.3	38.2	39.3	47.0
MR Less Savings	57.1	22.4	19.0	10.0	9.0	8.0
Security (all sites)	7.1	10.0	9.5	10.2	11.1	11.9
Engineering	6.9	10.9	11.4	8.3	8.1	7.1
Capital Improve.	48.4	40.0	18.6	17.6	15.0	12.5
Distribution Enh.	49.3	46.8	-	-	-	-
Facilities	$495.4	$290.9	$208.1	$171.5	$162.7	$165.2
Program Direction	14.2	13.0	13.9	14.8	15.6	16.5
Planning	6.2	6.5	7.6	7.0	7.0	7.1
Total	$515.8	$310.4	$229.5	$193.3	$185.3	$188.8
FY 1986 Request						
Bryan Mound	31.2	17.3	17.4	17.2	17.0	17.0
West Hackberry	31.3	19.7	19.6	19.6	19.6	19.6
Bayou Choctaw	23.3	7.3	7.3	7.3	7.3	7.3
Big Hill	31.2	3.5	3.5	3.5	3.5	.7
Weeks Island	4.0	3.9	4.0	4.2	4.2	4.3
Sulphur Mines	2.3	2.5	2.5	2.5	2.5	2.5
St. James	-	4.5	4.5	5.3	4.6	4.6
Other Terminalling	-	3.0	3.0	3.0	3.0	3.0
New Orleans Const.	6.4	-	-	-	-	-
New Orleans Operations	30.7	36.0	35.9	36.0	35.8	35.8
MR Less Savings	5.2	-	-	-	-	-
Security (all sites)	8.6	9.0	9.4	9.7	10.1	10.5
Engineering	4.2	4.0	4.0	4.0	4.0	4.0
Capital Impr.	20.0	18.0	18.6	17.6	15.0	12.5
Distribution Enh.	42.3	32.0	-	-	-	-
Facilities	$240.8	$160.7	$129.7	$129.9	$126.8	$121.9
Program Direction	12.3	11.4	6.5	6.5	6.5	6.5
Planning	5.2	3.0	3.0	3.0	3.0	3.0
Total	$258.3	$175.1	$139.2	$139.4	$136.2	$131.4
Changes from Current Services to FY 1986 Request						
Bryan Mound	- 2.4	- 11.2	- 1.9	+ 5.8	+ 5.2	+ 4.5
West Hackberry	- 5.3	- 10.1	- 16.9	+ 4.2	+ 7.8	+ 7.1
Bayou Choctaw	-	- 8.6	- 7.9	- 7.0	- .1	+ 1.3
Big Hill	-150.6	- 40.1	- 30.7	- 34.4	- 37.0	- 37.7
Weeks Island	-	-	- .3	- .9	- 1.2	- 1.7
Sulphur Mines	-	-	- .3	- .5	- .7	- .8
St. James 1/	-	+ 4.5	+ 4.5	+ 5.3	+ 4.6	+ 4.6
Other Terminalling 1/	-	+ 3.0	+ 3.0	+ 3.0	+3.0	+ 3.0
New Orleans Const	-	-	-	-	-	-
New Orleans Operations 1/	- 7.6	- .5	- 1.4	- 2.2	- 3.5	- 11.2
MR Less Savings	- 51.9	- 22.4	- 19.0	- 10.0	- 9.0	- 8.0
Security (all sites) 1/	+ 1.5	- 1.0	- .1	- .5	- 1.0	- 1.4
Engineering	- 2.9	- 6.9	- 7.4	- 4.3	- 4.1	- 3.1
Capital Improv.	- 28.4	- 22.0	-	-	-	-
Distribution Enh.	- 7.2	- 14.8	-	-	-	-
Facilities	-234.6	-130.2	- 78.4	- 41.6	- 35.9	- 43.3
Program Direction	- 1.9	- 1.6	- 7.4	- 8.3	- 9.1	- 10.0
Planning	- 1.0	- 3.5	- 4.6	- 4.0	- 4.0	- 4.1
Total	-257.5	-135.3	- 90.3	- 53.9	- 49.0	- 57.4

1/ A portion of these items was previously financed on SPR Petroleum Account
2/ Columns may not add due to rounding

Question: In one additional scenario, how long can you fill at 100,000 bpd, meeting the legislative requirement for selling Elk Hills oil, if Big Hill and the final 20 million barrel increment at Bayou Choctaw are not completed?

Answer: Under the President's FY 1986 budget, no further capacity development is planned beyond FY 1985, so additional funding would be required to sustain 100,000 barrels per day fill.

If capacity development were continued at West Hackberry and Bryan Mound beyond FY 1985, the relationship of capacity development to cumulative fill at the 100,000 barrels per day rate would be as shown in the following table:

	Millions of Barrels, end of Fiscal Year		
	Cumulative Capacity	Cumulative Fill	Difference
FY 1986	548	526	+22
FY 1987	586	562	+24
FY 1988	590	599	- 9

It should be noted that the 10 million-barrel Bayou Choctaw Phase II cavern will be available for fill in FY 1987 under the plans in the President's budget. It is the 10 million-barrel Phase III cavern which requires additional construction and leaching beyond the funding levels provided in the President's budget.

Thus it would be possible to sustain a 100,000 barrels per day fill rate through FY 1988 without resumption of Phase III activities at Bayou Choctaw or Big Hill.

Question: What would be the incremental budget authority and outlays required for on-and-off budget funding to achieve this duration of fill at 100,000 barrels?

Answer: Assuming 100,000 barrels per day fill through FY 1988 to achieve 599 million barrels in oil fill and further assuming use of Bayou Choctaw cavern 17 (Phase II) to accommodate this fill profile the following is an estimate of the added budget authority and outlays required over the amounts projected in the FY 1986 President's budget.

	($ millions)			
	FY 1986	FY 1987	FY 1988	FY 1989-90
Budget Authority				
Non-Oil 1/	$ 0	$ 80	$ 22	$ 6
Oil	728	1054	534	0
Total	$728	$1134	$ 556	$ 6
Outlays				
Non-Oil 1/	$ 29	$ 37	$ 25	$ 6
Oil	950	1037	1067	89
Total	$979	$1074	$1092	$95

1/ Includes Planning, Program Direction, and Facilities Development and Operations.

Question: Please supply this information in detailed fashion by site and activity.

Answer: The following table provides estimates of the incremental obligations required in the FY 1985 - FY 1990 period over the amounts in the President's FY 1986 budget to complete storage capacity of approximately 600 million barrels by the end of FY 1988.

Incremental Obligations 1/
(in millions of dollars)
FY 1985 - FY 1990

Activity	Site	
Storage Facilities Development and Operations		
	Bryan Mound	$12
	West Hackberry	24
	Bayou Choctaw	4
	Non-Site Specific	36
Subtotal		$76
Planning and Management Support		12
Program Direction		19
Total		$108
Petroleum Acquisition and Transportation		$3,143 2/
Total		$3,251

1/ Column may not add due to rounding
2/ Includes use of the $827 million unobligated balance in SPR Petroleum Account funds

Question: Under this scenario, what would be saved by year in comparison to the current services funding requirements?

Answer: The following table compares the Current Services budget authority requirements through FY 1990 to those associated with filling at 100,000 barrels per day through FY 1988.

(dollars in millions)

	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990
Current Services					
Non-Oil	$ 304	$ 229	$ 192	$ 183	$179
Oil	1674	1665	1727	1782	-
Total	$ 1978	$1894	$ 1919	$ 1965	$179
100 MBD to FY 1988					
Non-Oil	$ 0	$ 123	$ 161	$ 138	$135
Oil	728	1054	534	0	0
Total	$ 728	$1177	$ 695	$ 138	$135
Change					
Non-Oil	$ -304	$-106	$ - 31	$ - 45	$-44
Oil	-946	-611	-1193	-1782	0
Total	$-1250	$-717	$-1224	$-1827	$-44

Congressional Review

Question: Mr. Vaughan, did the Department propose to OMB an FY 1986 budget request that included a continuation of construction and fill at the SPR? If so, what are the specifics of that request? What was the basis for your making such a request?

Answer: The Department's September 1984 request to the Office of Management and Budget assumed continued development of a 750 million-barrel Strategic Petroleum Reserve program on a schedule to complete capacity development and oil fill in 1990. This request reflected a continuation of

Administration policies established in the FY 1985 budget process, as amended during 1984 in the context of the distribution enhancements reprogramming.

National Petroleum Council Report

Question: The National Petroleum Council's report criticizes the mix of sweet and sour crude in the Reserve. What is the Department planning to do to improve the percentage of sweet crude in the Reserve?

Answer: We are continually reviewing the suitability of the ratio of the different types of crude oil in storage. The National Petroleum Council analysis assumed a total cutoff of all net crude oil and refined products imported by the United States, a "worst case" situation which is not considered very likely. It is possible that the types of oil which may continue to be imported to the United States would complement the types drawn down from the SPR in a way which would provide more flexibility to the refinery industry than the situation assumed by the Council. Also, price differentials among crude types have varied significantly over recent years, and the Department will need to take into account the market conditions at the time of resumption of SPR fill. The Department plans to continue to monitor refinery crude quality requirements and recently requested the NPC to conduct a refinery study for the 1985-1990 requirements among other issues affecting this industry.

Question: In closing, what actions are you taking to ensure that the Strategic Petroleum Reserve runs smoothly until Congress has a chance to review the Administration's proposal later this spring?

Answer: With respect to the Strategic Petroleum Reserve, the Department is not planning any actions which would have the effect of precluding the resumption of storage facilities development and fill at a future date. We envision no contract terminations for facilities development, nor does the Department have any plans for near-term actions to cause involuntary separations of Strategic Petroleum Reserve Office employees at any locations. Therefore, apart from the delays associated with new construction procurements, we have not prejudged Congressional actions or incurred significant cost in implementing our policy proposals.

Oil Prices and Demand

Question: Mr. Mares, do you anticipate that oil prices are headed up sharply over the next five years?

Answer: I do not anticipate any sharp increases in world oil prices in the next five years. The latest figures published by the Energy Information Administration (EIA) in the Annual Energy Outlook 1984 project that in the mid-case scenario average crude oil prices will increase from $28 per barrel in 1985 to $30 a barrel in 1990.

Question: Low oil prices generally increase demand, isn't that correct?

Answer: I would agree with you that in broad economic terms lower oil prices can lead to increased demand. However, the experiences of the past decade have made it difficult to tie increases and decreases in world oil prices to specific proportional increases or decreases in petroleum consumption.

Question: So, low oil prices are, in fact, part of a "worst case" scenario for oil usage, wouldn't you say?

Answer: I would be hard pressed to call low oil prices a "worst case" scenario when they contribute positively to such things as helping reduce inflation, assist in economic recovery and reduce foreign trade deficits.

Question: The Secretary on Monday, March 4, before the Senate Energy and Natural Resources Committee, stated his commitment to maintain a 90-day import cushion in the SPR. Do you subscribe to that commitment?

Answer: I am in full agreement with the Secretary as to the importance of maintaining the equivalent of 90 days of net U.S. oil imports in storage in the SPR.

Strategic Petroleum Reserve Fill Moratorium

Question: Do you subscribe to the proposed one-year moratorium proposed by the President in the 1986 budget? If so, for what reasons?

Answer: Yes. The Nation's vulnerability to an oil supply disruption is much less than when the current SPR program was originally proposed. In light of the Federal Government's current fiscal dilemma, we do not believe it to be unreasonably risky to place a near-term moratorium on SPR fill and development under the present circumstances.

Question: Would you support a longer moratorium if the President makes such a proposal? If so, how can you reconcile this with the policy of maintaining a 90-day import cushion in the Petroleum Reserve?

Answer: The President's position on the SPR moratorium is based on our current budgetary considerations and our reduced vulnerability to an oil supply disruption, a position which I support. The length of this moratorium is based on future oil market conditions. The Secretary has stated that if circumstances change we are prepared to restart filling the SPR, but the Administration has not established specific quantitative criteria for making such a judgment. There is a high degree of uncertainty involved in any projections of future U.S. oil imports, so we are not in a position to define a SPR fill policy for future years based on one specific set of long-range import projections.

Question: What analysis has the Department performed that compares the benefits and costs of continuing the present 159,000 barrel per day fill requirement with the benefits and costs of a moratorium? Please supply any such analysis for the record.

Answer: The Department has not completed a specific scenario on the costs and benefits of the proposed moratorium in comparison to a 159,000 barrel-per-day fill rate. The Administration has estimated the budgetary savings of continuing the proposed moratorium through FY 1990 at $8.1 billion. However, since the proposed moratorium is firm only through FY 1986 and is indefinite thereafter, there is no certain basis for an economic benefit/cost analysis.

SUBCOMMITTEE RECESS

Senator McClure. The subcommittee will stand in recess until March 19 at 2 p.m. when we will review the fiscal year budget request for the Smithsonian Institution.

Thank you very much.

[Whereupon at 3:50 p.m., Wednesday, March 6, the subcommittee was recessed, to reconvene at 2 p.m., Tuesday, March 19.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1986

TUESDAY, MARCH 19, 1985

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 2:30 p.m., in room SD–138, Dirksen Senate Office Building, Hon. James A. McClure (chairman) presiding.

Present: Senators McClure and Garn.

SMITHSONIAN INSTITUTION

STATEMENT OF ROBERT McC. ADAMS, SECRETARY

ACCOMPANIED BY:
- PHILLIP S. HUGHES, UNDER SECRETARY
- DEAN ANDERSON, ACTING ASSISTANT SECRETARY FOR HISTORY AND ART
- DAVID CHALLINOR, ASSISTANT SECRETARY FOR SCIENCE
- JOHN F. JAMESON, ASSISTANT SECRETARY FOR ADMINISTRATION
- RALPH C. RINZLER, ASSISTANT SECRETARY FOR PUBLIC SERVICE
- JOHN E. REINHARDT, DIRECTOR, DIRECTORATE OF INTERNATIONAL ACTIVITIES
- ANN R. LEVEN, TREASURER
- TOM L. PEYTON, DIRECTOR, FACILITIES SERVICES
- MICHAEL H. ROBINSON, DIRECTOR, NATIONAL ZOOLOGICAL PARK
- JON E. YELLIN, DIRECTOR, OFFICE OF PROGRAMMING AND BUDGET
- THOMAS LAWTON, DIRECTOR, FREER GALLERY

BUDGET REQUEST

Senator McCLURE. Good afternoon. This is the time scheduled to review the fiscal year 1986 budget estimates for the Smithsonian Institution. The fiscal year 1986 request totals $206,016,000, an increase of $16,455,000 over fiscal year 1985 appropriations to date. Also pending is a pay supplemental in the amount of $1,906,000.

PREPARED STATEMENT

Secretary Adams, we welcome you before the subcommittee. Your opening statement will be included in the record as well as a short biographical statement, as this is your first appearance before this subcommittee. If you would introduce those that you have with you at the table, we will then proceed to the questions.

[The statement follows:]

STATEMENT OF ROBERT McC. ADAMS

It is a privilege to appear before you today, for the first time, in support of the Smithsonian's FY 1986 budget request. Before explaining the nature of our budgetary needs, I first would like to offer my overall impression of the state of the Institution.

As I have learned from a review of the record of the past several years, a great strength lies in the Institution's status as a Federal Trust establishment with the unique ability to generate a significant part of its funds. As the record shows, Mr. Chairman, largely through your cooperation with the Smithsonian and its Regents, we have articulated better the many uses to which our nonappropriated monies have been put, in conjunction with appropriated resources provided by this Subcommittee and the Congress, to increase the Smithsonian's capacity to serve the public. Our FY 1986 budget request manifests this appropriated-nonappropriated funds relationship in several ways.

Most evident is the joint funding of the Quadrangle complex and of the programs that will be located there. I will talk more about these later. but let me note here that not only is the building jointly financed between appropriated and nonappropriated sources, but nearly all organizations to be located in the Quadrangle are partially or completely financed with nonappropriated funds. The Smithsonian Institution Traveling Exhibition Service, the Center for Asian Art, the National Museum of African Art and the programs of the International Center are financed jointly, while the Resident and National Associate Programs are funded wholly with nonappropriated funds.

Less evident than support for the Quadrangle but equally impressive has been an annual allocation for the Institution's Collections Acquisition, Scholarly Studies and Educational Outreach Program. This year, we will spend a sum of $2.2 million for purchase of outstanding works of art, for scholarly research projects and for educational outreach efforts that bring the benefit of our programs to the public.

During FY 1984, the Collections Acquisition portion of the Program, supplemented by varying amounts of outside contributions, was used to purchase a wide variety of objects throughout the Smithsonian museums. A noteworthy acquisition by the National Portrait Gallery was the famous portrait of Mary Cassatt by Edgar Degas. The Scholarly Studies Program supports scholarly research projects that do not lend themselves to Federal funding for reasons of timing. With an award from this Program, scientists at the Smithsonian Tropical Research Institute were able to study the rare phenomenon of the El Niño Southern Oscillation which brought widespread climate changes to the Pacific by a significant warming trend. Apart from shedding light on important issues in coral ecology and evolution, findings from this study will assist governments in providing proper management to protect reef areas. Examples of projects made possible by Educational Outreach are Smithsonian-sponsored on-site workshops at small museums, a program of public service announcements for minorities and a program to teach science and mathematics to high school and junior high school students building on the fascination of young people with astronomy and space science. Through FY 1985, the Institution will have allocated a total of $19.1 million for the Collections Acquisition, Scholarly Studies and Educational Outreach Program.

Beginning in FY 1985, the Board of Regents also approved an annual allocation of $3 million to meet the cost of important temporary exhibitions throughout the Institution. We have just completed our initial allocation of these monies for support of eight exhibitions, the most significant of which will be two shows: "Aditi - A Celebration of Life" at the Natural History Museum and "The Golden Eye" at the Cooper-Hewitt Museum, complementing the nationwide Festival of India; and "Men of Greatness: Feats of Daring" in our Evans Gallery commemorating the United States exploring expedition of 1838-1842. The "Aditi" show will feature some 1,500 artifacts and 40 traditional performers, artisans and crafts people; its theme is the life cycle. "The Golden Eye" will celebrate traditional Indian crafts expressed in modern design. Circumnavigating the globe, the United States exploring expedition of 1838-1842, led by Lieutenant Charles Wilkes, mapped and surveyed the South Pacific and confirmed for the first time the existence of Antarctica as a continent, making the voyage a major landmark in United States science and maritime history. The precious cargo brought back by the expedition formed the nucleus of the Smithsonian's scientific collections, much of which will be displayed. After showing for one year, beginning this November at the Natural History Museum, the exhibition will be toured by the Smithsonian Institution Traveling Exhibition Service (SITES) to major museums and historical societies throughout the United States. Each exhibition funded from the Special Exhibition fund will be accompanied by a scholarly catalogue and some will feature associated seminars, symposia and other public programs.

A third significant expenditure of nonappropriated Trust monies first approved by the Board of Regents in FY 1979 has been to support a variety of the Institution's fellowship programs. Since 1979, a total of $8.6 million has been committed for fellowships including a projected amount of $2.0 million in the current year.

It was in this context of self help and of mutual concern that we developed our FY 1986 budget request. While I was not at the Institution when this budget first was developed last spring, I have had an opportunity to shape its context and to sharpen its focus subsequent to its submission to OMB and prior to the final Congressional submission, which you have before you.

BUDGET PROCESS

During October and November, we began a new and more fully participative budget review process. With the Institution's Management Committee, consisting of the Under Secretary, Assistant Secretaries, the Treasurer and Development Officer, as well as with museum and bureau directors, we examined programs proposed in the OMB budget and established relative priorities among them. Moreover, faced with a number of construction needs, we set to work on establishing long-term priorities for them. The result of our reviews is the budget we are presenting today. Although our request represents a total proposed increase of $12.7 million in all appropriation accounts (adjusted by pay supplemental requirements), our FY 1986 budget contains no frills.

FY 1986 BUDGET PRIORITIES

In developing this budget we addressed three major objectives. The first is to provide adequate base resources to enable all of the Institution's museums, research organizations and support functions to carry out their existing programs effectively. The second objective is to provide resources to permit the new facilities in the Quadrangle to open as scheduled -- with Smithsonian staff and collections moving in during FY 1986 and the general public welcomed in FY 1987 with the opening of important inaugural exhibitions. The third goal in the FY 1986 budget is to strengthen essential and highest priority Institutional efforts that were initiated in previous years. These consist of programs to provide an improved level of equipment support to research bureaus, to extend the benefits of automation throughout the Institution, and to further collection inventories.

There also is provision in this year's request to complete staffing for the Museum Support Center and to continue purchases of collections storage equipment as the move of collections to the Center proceeds. An important initiative in the FY 1986 request concerns increased support for the operations of American overseas research centers for advanced research.

With the new facilities in the Quadrangle scheduled to be completed during FY 1986, an additional Federal sum, to be matched by nonappropriated Trust funds, is essential for final construction work and to purchase furnishings and equipment.

While our FY 1986 request places continued emphasis on improvements to the physical plant, building projects specifically designed to meet programmatic objectives in the areas of research, collections management and exhibitions also are of great importance. The most noteworthy of these projects are planned for the Freer Gallery of Art, to create critically needed additional collections storage and conservation space; and for the Smithsonian Tropical Research Institute in Panama, to construct new facilities in support of research. There is provision also for the National Zoological Park to build a new animal hospital at Rock Creek Park that will facilitate improved medical practice and insure the continuation of a high standard in health care of the Zoo's valuable animal collection. The following details our budget request by appropriation.

SALARIES AND EXPENSES

The FY 1986 Smithsonian request for the Salaries and Expenses appropriation totals $179,790,000. This constitutes a $13.6 million increase over the FY 1985 base. The proposed increase consists of $10.0 million for program increases, $6.8 million for expenses over which the Institution has little control such as inflation, rent and utilities, and $3.3 million for restoration of the two percent across-the-board reduction in the FY 1985 Interior and Related Agencies Appropriation Act (Public Law 98-473). These sums are offset by a reduction of $5.8 million for a five percent pay decrease as recommended by the Office of Management and Budget and the nonrecurrence in the Institution's budget in FY 1986 of a trustee grant to the John F. Kennedy Center for which an amount of $.7 million was added in FY 1985.

The total of $10.0 million sought for program increases consists specifically of an additional sum of $4.7 million to finance Quadrangle-related projects; $2.0 million to expand Institution support of American overseas research centers; $.5 million to continue the process of scientific equipment replacement and improvements; $.8 million to expand computer capabilities within the Smithsonian; $.3 million to further inventory efforts; $.9 million to complete staffing and support requirements for the Museum Support Center; and $.8 million to correct base shortages in the Office of Plant Services and the Office of Protection Services.

Of prime importance to the Smithsonian is the successful opening of the Quadrangle in the spring of 1987. The Quadrangle culminates years of planning and will be a major resource for improved intercultural understanding between the people of the United States and the peoples of Asia and Africa. The requested funds will cover the majority of the costs for the major public programs planned to inaugurate the Quadrangle. The Sackler Gallery will present its entire magnificent collection of 1,000 objects. The Museum of African Art will display three exhibitions: "African Art and the Cycle of Life"; "African Textiles"; and "African Art from the Permanent Collection." The International Center will hold an exhibition on "Birth - A Ritual for Life." It is anticipated that these exhibitions will draw over one million visitors to the Quadrangle during the first year in which the facilities are open to the public.

The Quadrangle is a major development for the Smithsonian, but it is only one manifestation of the increasingly international role of the Institution. The international programs of the Smithsonian date back to its earliest days and are integral to the nature of the Institution itself. The most recent inventory of current Smithsonian international programs reveals more than 700 projects carried out in 116 countries.

This involvement in the international arena has found expression in the establishment of the Directorate of International Activities. The Directorate, responsible for the coordination and advancement of the international activities of the Smithsonian, will assist me in establishing balanced international program emphases, reflecting all world regions and fields of existing Smithsonian interest. It seeks to foster scholarship, intercultural understanding and communication through the exhibitions to be installed and programs to be presented in the International Center.

Involvement in international affairs is not limited to Smithsonian activities on the Mall. The Institution has a sustained and keen interest in the fate of the American overseas research centers which now face a very difficult financial future. These centers, which were created for the advancement of field scholarship by American universities and research institutions, are located in a number of countries abroad, where they provide an invaluable research asset for American scholars. Smithsonian interaction with the centers over the years has included grants for core administrative and fellowship support, as well as research projects and other special programs, in countries where excess foreign currencies have been available -- India, Egypt, and Israel. In addition, the

Smithsonian played a key role in the creation of the Council of American Overseas Research Centers, an essential step by the centers for collective action to strengthen their programs. Participating from the outset in 1977 in the studies and discussions that led to the Council's formation, the Smithsonian convened the organizing meeting of the Council in 1981. Since that time the Institution has worked closely with the Council in the improvement of liaison and exchange of information among the centers, the preparation of materials for increased public information about them, and the development of the Council's future program. Dedicated to the advancement of knowledge for all people, the centers provide a low-key and low-cost, but highly effective network for the promotion of international exchange.

For FY 1986, we request $2.0 million in Federal funds to support the core costs of these institutions and thus relieve the financial pressures which threaten them. Loss of some or all of the centers would seriously undermine U.S. scholarly research in the field and cannot be allowed. Authority for the program exists within the basic enabling legislation of the Institution.

At this point, I would like to thank Congress for its past support for procurement of current equipment to further research efforts of the scientific bureaus of the Institution. Due to this support, the Institution has been able to maintain an excellent reputation in the field of scientific research, and this can be seen in the work of the Smithsonian Astrophysical Observatory which was furthered by additional Federal appropriations for scientific equipment replacement in FY 1984 and FY 1985.

To continue this program of scientific replacement and improvement, we request a total additional sum of $500,000 to ensure access to state-of-the-art technology by the Smithsonian Environmental Research Center (SERC), the National Museum of Natural History, and the Smithsonian Tropical Research Institute. In 1983 and 1984, a comprehensive equipment survey was conducted which concluded that 55 percent of SERC's equipment should be replaced at a total estimated cost of $2,330,000. To continue this program an increase of $100,000 is requested to provide an expanded base of $240,000 for FY 1986.

The National Museum of Natural History/Museum of Man holds one of the world's largest and most valuable scientific collections of plants, animals, rocks and minerals, fossils and man's cultural artifacts. It is essential to the research efforts of the NMNH/MOM that an additional sum of $250,000 in Federal appropriations be provided in FY 1986 for scientific equipment replacement to establish an expanded base of $660,000 for this purpose.

The Smithsonian Tropical Research Institute (STRI) located in the Republic of Panama serves as a world center for fundamental studies in tropical biology. With a permanent staff of 24 scientists, supplemented by hundreds of visiting international scholars, STRI is making important contributions to understanding the functions of tropical ecosystems. Increasingly, scientists and policymakers are recognizing the importance of the tropics and its interrelationship with environmental changes here in the temperate zone. Utilizing its unique facilities located across the Isthmus, STRI scholars are examining vital issues relating to deforestation and its effects on people, climate alteration and biological diversity. The addition of $150,000 sought for scientific equipment replacement will further STRI's research programs in the complex questions of the tropics.

We seek an increase of $800,000 to improve the quality and level of service to the public through automation in the National Museum of American Art, the National Portrait Gallery, the Hirshhorn Museum, the Smithsonian Institution Libraries, the National Museum of American History, the Archives of American Art, the Cooper-Hewitt Museum, the Office of Information Resource Management, the Office of Personnel Administration, the Office of Design and Construction and the Office of Programming and Budget. This request reflects a long-term goal of the Smithsonian to improve the computer facilities of the Institution.

In June 1983, the Institution completed the first inventory of its collections. The inventory was conducted under a policy established by the Smithsonian in 1978 as part of a collections management program designed to ascertain the full extent of the Institution's holdings and to assure continuing accountability by the maintenance of comprehensive records of these holdings. To further the process of collections inventory, we seek $1.1 million in FY 1986, an increase of $250,000 over the amount appropriated in FY 1985. This will enable the National Museum of Natural History/Museum of Man, the National Museum of American History and the Cooper-Hewitt Museum to continue their inventory work. Major emphasis will be placed on refining inventory data, to matching it to existing collection records, and reconciling differences which may exist between the two sets of information. Additionally, there is provision in the FY 1986 request for the advancement of inventory work in the Archives of American Art.

Our request includes a total of $900,000 to complete the staffing and support requirements for the Museum Support Center (MSC). Of this amount, $311,000 will be directed toward facilitating and improving the operations of the Conservation Analytical Laboratory (CAL). Specifically, $111,000 will be used to establish an adequate base for the purchase and replacement of scientific equipment required for the expanded duties of the Conservation Analytical Laboratory at the Museum Support Center, and $200,000 will be devoted to the enhancement of the expertise of the scientific staff. The balance is for the operations of the National Museum of American History, Smithsonian Institution Libraries, the Office of Protection Services, the Office of Printing and Photographic Services, and the administration and maintenance of the MSC.

Because of the importance of placing our ongoing programs on a sound basis, funding is included to restore the two percent across-the-board cut in the FY 1985 Interior and Related Agencies Appropriation Act ($3.3 million), to correct base shortages in essential support units ($.8 million), and to meet expenses that essentially are beyond the Institution's control, consisting of inflation, higher utilities charges, mandated pay increases, and unemployment compensation costs ($6.8 million). Without these monies, virtually all of our museums and bureaus would not be able to plan effectively for the conduct of their programs at the beginning of the year. While we are absorbing the two percent reduction and other cuts this year through deferrals, our analyses indicate that continuation of base reductions will effectively cancel advances that we have made with your assistance in programs of research, collections management and automation.

RESTORATION AND RENOVATION OF BUILDINGS

For the Restoration and Renovation of Buildings Appropriation, we are seeking a total amount of $14.9 million, a $1.4 million increase over the FY 1985 Appropriation. This request represents a continued commitment to a program that will improve our physical plant for the safety of the collections, enjoyment of visitors and enhancement of basic research.

With the support of the Congress, the Institution has devoted substantial sums to facade and roof repairs, fire detection and suppression systems, improvements to make Smithsonian facilities more accessible to disabled persons and utility systems repairs and improvements. We propose to continue these efforts in FY 1986.

I am pleased to report that the multi-year project to renovate the facade of the 120 year old Renwick Gallery Building will be completed during FY 1986. Excellent progress is being made also on roof and facade repairs to the historic Arts and Industries Building. These are scheduled for completion in late FY 1987. Moreover, the Institution is continuing to upgrade fire suppression systems in all buildings, with particular emphasis on the Museums of American and Natural History to provide a level of safety consistent with today's standards and technology. Efforts are proceeding as well to upgrade heating, ventilating and air conditioning systems in buildings throughout the Institution both to protect the collections and to conserve energy.

The FY 1986 request includes a total of $8.0 million in restoration and renovation monies to support the development of the Institution's outlying facilities and to meet programmatic objectives in the categories of research, collections management and exhibitions. The most noteworthy of these projects in FY 1986 are plans to create critically needed conservation, storage and exhibition space at the Freer Gallery for which $4.5 million is sought, and to fulfill requirements in support of research at the Smithsonian Tropical Research Institute for which a total of $1.5 million is requested.

CONSTRUCTION AND IMPROVEMENTS: NATIONAL ZOOLOGICAL PARK

For the Zoo, a total of $4.9 million is requested, the same amount as appropriated in FY 1985.

With funds appropriated in FY 1985, the Zoo will begin renovation of the Olmsted Walk area. Under the first phase of this project, the section of Olmsted Walk from the Rock Creek entry up to the Small Mammal Building will be renovated to create an identifiable pedestrian entrance at the Rock Creek side of the Zoo. New overlooks will be created above the Beaver Valley exhibits. A new gibbon facility and modified tortoise yard will be included as part of the improvements. Also with monies provided in FY 1985, the Zoo is moving ahead with plans for an aquatics exhibit. In addition to continuing with essential repairs and improvements to the Rock Creek Zoo and the Front Royal Conservation and Research Center ($1.6 million), the major project for which a sum of $3.3 million is requested in FY 1986 is the construction of a new and badly needed 17,000 square foot hospital building at Rock Creek.

QUADRANGLE CONSTRUCTION

As I have noted previously, the new facilities located in the Quadrangle constitute a key element of our FY 1986 budget request. We anticipate that construction of the Quadrangle building will be completed in FY 1986 with the exception of the connecting link and modifications to the Freer Gallery that will provide a passage for public and staff between the two buildings.

Subsequent to the receipt of the very favorable construction bid for the Quadrangle construction in FY 1983, the Institution prepared detailed cost estimates for security equipment, furniture and equipment for public, administrative and shop areas. Costs for these items were not included in the original construction project estimates. Rather, the Institution assumed that they would be sought separately within the Salaries and Expenses Appropriation. We now find that within the $75 million Quadrangle authorization we are able to construct the Quadrangle building and the link to the Freer Gallery as planned originally, install a security system and purchase all equipment and furnishings. The amount that we are seeking for FY 1986, $4 million to be matched by an equal share of nonappropriated funds, and a further anticipated sum of $4 million in Federal monies in FY 1987 also to be matched by nonappropriated funds, can be accommodated within the $75 million authorization. Our budget request explains in detail the specific uses to which these monies would be put. At this point, I would emphasize that the proposed funding is essential for the completion of the Quadrangle project and for the public opening in the spring of 1987.

SPECIAL FOREIGN CURRENCY PROGRAM

Finally, we seek $2.5 million for the Special Foreign Currency program. This will enable the continuation of grant awards to United States institutions for research in nations where local currencies are available. This program to further the research of associated institutions provides the Smithsonian with access to various collections, attracts scholars to the Institution and maintains the Smithsonian excellence in research. This funding would also provide the fourth and final United States contribution to the international effort to restore and preserve the ancient city of Moenjodaro in Pakistan.

Mr. Chairman, I and my staff will be pleased to answer any questions that you and the members of the Subcommittee may have.

BIOGRAPHY OF ROBERT McC. ADAMS

Robert McC. Adams, a distinguished anthropologist, archaeologist and university administrator, known for his extensive research into the ancient civilizations of Mesopotamia, is the ninth Secretary of the Smithsonian Institution.

As Secretary of the Smithsonian, Dr. Adams heads a complex of 13 museums and the National Zoological Park as well as scientific and cultural research facilities in nine states and the Republic of Panama.

The 1846 Act of Congress that founded the Institution as an establishment for the "increase and diffusion of knowledge" stipulated that it be administered by a Secretary responsible to the Board of Regents. The Regents have traditionally appointed scientists to serve as Secretaries of the Smithsonian, which has become world-renowned not only for its exploration of scientific frontiers but also for its contributions to the arts and humanities.

Secretary Adams assumed the Smithsonian post on Sept. 17, 1984. In his most recent position prior to his appointment, he had served as provost of the University of Chicago from 1982 until 1984. He had been affiliated with the university for nearly four decades, earning his bachelor's, master's and doctoral degrees there (in 1947, 1952 and 1956 respectively) and beginning a teaching and administrative career in 1955.

As an archaeologist, Adams' principal interests lie in the agricultural and urban history of the Near and Middle East, geographical and archaeological study of settlement patterns and comparative economic and social history of pre-modern societies. He has carried out significant field research in these areas over a period of 27 years in the deserts of the Near and Middle East and in the cloud-forested mountains of Chiapas, Mexico.

Secretary Adams is best known for his studies in Mesopotamia (modern-day Iraq), site of one of the world's earliest civilizations. Working with aerial photographs taken from thousands of feet above the desert, Adams has spent much of his professional life studying the development of these earliest societies, from the layout of ancient villages and their waterways to the growth of true cities with sophisticated canal systems.

Secretary Adams was born on July 23, 1926, in Chicago and was educated there. Adams first enrolled at the University of Chicago in 1946 and was invited in 1950 by archaeologist Robert Braidwood of the university's Oriental Institute to join his expedition to Jarmo, a site in the remote foothills of Iraqi Kurdistan. Jarmo was the first major expedition to define an important problem in Near Eastern archaeology—the transition of a prehistoric population in the eighth and seventh millennia B.C. from food gathering to food production.

Adams' interest later shifted from the origins of agriculture to concentrate on the topic that has occupied him since—cities and their dynamics in the rise and fall of civilizations. Some of his early work was concerned with Mexico and the New World, but the bulk has always been in the Near East. In 1956, he led the first of a series of expeditions to the Mesopotamian plain, surveying ancient canal systems, rivercourses and settlement patterns. It was on this trip that he first became acquainted with aerial photographs. Taken from thousands of feet above the desert, the pictures revealed faint traces of individual watercourses, even superimposed sequences of watercourses dating back to remote times.

Adams returned to Iraq to continue his research in 1957 at the request of government officials in that country who were considering investing in a major new irrigation system in the Diyala Plains. He moved into an old expedition house near Baghdad with his family—his wife, Ruth, and daughters Gail, then 10, Beth, 8 and Megan, 2. Adams surveyed a number of sites each day, covering more than 800 in about a year.

The survey revealed development of the region from the scattered layout of ancient hamlets, villages and towns with their incipient canal systems. No researcher had previously identified accomplishments of this complexity. Adams had planned to forge ahead with a survey of the entire plains but was unable to do so because of the revolution which occurred in July 1958, when Iraqi military and popular forces overthrew the monarchy.

For a time after this upheaval, Iraq remained virtually closed to outside scholarship. In 1960, Adams surveyed ancient irrigation systems on the Kuzestan Plain in the southwest province of Iran at the invitation of authorities in that country. And in 1961, the entire Adams family moved to Chiapas in the highlands of southern Mexico for a survey of the relationship of man and land use through time.

Since the early 1960s, Adams has returned to Iraq whenever the political climate has permitted. In 1966-1967, 1968-1969, 1973 and 1975, he was able to expand and refine his earlier work, completing two surveys that, along with the insights of other archaeologists, have revolutionized the understanding of the rise of urban societies in Mesopotamia.

His survey in 1967 of the countryside near Uruk in the lower Euphrates floodplain revealed hundreds of previously unsuspected villages of the fourth millennium B.C.; he was able to trace the dynamics of the shift from small villages and towns to the great city of Uruk, which appeared as a kind of sudden explosion a little after 3000 B.C.

In 1968, Adams, Ruth, Beth and Megan returned to Iraq to work on an exhaustive study of the central Euphrates River floodplain, conducted on and off between wars for the next seven years. The survey, encompassing more than 1,600 sites, was described in "Heartland of Cities: Surveys of Ancient Settlement and Land Use in the Central Floodplain of the Euphrates" (1981), the definitive work of its kind.

Adams has also carried out field research in Syria (1970) and Saudi Arabia (1976, 1977).

During the years that he was conducting field research, Adams' career as an academic administrator at the University of Chicago continued to flourish. In 1962, he was named director of the university's Oriental Institute, which is devoted to research in the ancient civilizations of the lands stretching from the Mediterranean to the Indian Ocean. He held this position until 1968 and again from 1981 to 1983.

In 1975, he was named Howard H. Swift Distinguished Service Professor of Anthropology, and he twice served as dean of the Division of Social Sciences (1970-1974 and 1979-1980).

He was appointed provost of the University of Chicago in 1982, serving as the principal deputy to University President Hanna Gray. Adams held the position of provost until September 1984 when he came to the Smithsonian.

Adams has been a visiting scholar and lecturer in anthropology at a number of universities in the United States, including Harvard University, the University of California (Berkeley and San Diego), University of Rochester, University of Colorado, Denmark's Aarhus University, McGill University and the Baghdad School of the American Schools of Oriental Research. In 1976, he was the distinguished lecturer for the American Anthropological Association. He was also a National Academy of Sciences Exchange Scholar to the German Democratic Republic in 1978 and a member of the Social Sciences Humanities Planning Commission to China in 1981.

In addition to writing "Heartland of Cities" and "The Evolution of Urban Society: Early Mesopotamia and Pre-Hispanic Mexico" (1966), Adams is the author of "Land Behind Baghdad: A History of Settlement on the Diyala Plains" (1965), "The Uruk Countryside: The Natural Setting of Urban Societies" (1972, with H.J. Nissen) and of more than 75 articles in professional journals.

He also is co-author of "City Invincible: A Symposium on Urbanization and Cultural Development in the Ancient Near East" (1960). Since 1956, Adams has served as advisory co-editor in archaeology for the Encyclopedia Britannica.

Secretary Adams is also concerned with modern institutions and policies for the support of scientific research. As an active member of the National Academy of Sciences and its affiliated organization, the National Research Council, Adams has been a councilor of the Academy, chairman of the Assembly of Behavioral and Social Sciences and Chairman of the Academy Forum. In 1982, he co-edited a two-volume report titled "Behavioral and Social Science Research: A National Resource." Adams was also vice chairman (1977-1980) and acting chairman (1980-1981) of the NAS Committee on Science and Public Policy.

He is active in the American Association for the Advancement of Science, the world's largest interdisciplinary association of scientists. Adams is a trustee of the Russell Sage Foundation and the National Opinion Research Center. He is a member of the American Philosophical Society, the German Archaeological Institute, the American Oriental Society and the Middle East Institute and is a fellow of the American Academy of Arts and Sciences, the American Anthropological Association, the Middle East Studies Association and Sigma Xi.

Secretary Adams is married to the former Ruth Salzman Skinner. They have three adult daughters, Gail, Beth and Megan. Robert and Ruth Adams reside in Washington, D.C., and have a mountain cabin near Basalt, Colo., about 22 miles northwest of Aspen.

INTRODUCTION OF ASSOCIATES

Mr. ADAMS. Thank you, Mr. Chairman. It is a pleasure to be here.

On my right, at the end of the table, is Mr. John Jameson, who is the Assistant Secretary for Administration.

On my immediate right is Mr. Jon Yellin, who is the Director of our Office of Programming and Budget.

To my left is Mr. Phillip S. Hughes, the Under Secretary of the Smithsonian.

Beyond him is Mr. David Challinor, who is the Assistant Secretary for Science.

In addition to this group, I would expect that at various times during the discussion to follow we will call on the following as witnesses: Mr. Dean Anderson, who is the Acting Assistant Secretary for History and Art; Mr. Ralph Rinzler, who is the Assistant Secretary for Public Service; Mr. John Reinhardt, the Director of the Directorate of International Activities; Ms. Ann Leven, our Treasurer; Mr. Michael Robinson, the Director of the National Zoological Park; and Mr. Tom Peyton, the Director of Facilities Services.

Those individuals may in addition be called upon.

Senator MCCLURE. Thank you very much. Aside from you, most are familiar faces before this subcommittee.

OFFICE OF PLANT SERVICES REPROGRAMMING

Mr. Secretary, in late March of last year the Smithsonian submitted a reprogramming request to transfer $360,000 to meet a base deficiency in the supplies and equipment area of the Office of Plant Services. After a thorough review of the funds that had been made available to the Office of Plant Services, the House and Senate committees determined that a base deficiency did not exist in these areas, rather that a shortage had been caused due to overhiring. At our hearing last year the Smithsonian agreed that this was the case. The reprogramming request was withdrawn and a new proposal was submitted requesting funds for salary costs, which was subsequently denied.

The subcommittee has recently received the fiscal year 1984 reprogramming report from the Smithsonian which shows that $313,000 was reprogrammed to the Office of Plant Services for supplies, services, and materials base deficiency, the same purposes of the original reprogramming request. While technically the reprogramming request was not denied because it was withdrawn by the Smithsonian, it certainly appears that the Smithsonian acted against the express wishes of the Congress.

Mr. Secretary, I realize that this occurred prior to your arrival, so perhaps one of your associates would be better able to explain exactly what happened and why.

Mr. ADAMS. Mr. Chairman, I think I will call upon Mr. John Jameson to respond to that.

Mr. JAMESON. Mr. Chairman, first I think I should apologize to the committee and to the staff for the confusion that this matter has caused over the last year.

When we received the answer on the second reprogramming letter our interpretation of it at the time was that the committee, because of this confusion, had concluded that there was a higher and better use for the money. We did not interpret the committee's action as meaning that this problem in the Office of Plant Services should not be solved. We did solve it generally within our administrative reprogramming guideline.

I think we compounded the confusion that we had previously created in the reprogramming report that we sent to you because the moneys continued to show up as going to fund the supplies and materials of the Office of Plant Services. While it may not be the best answer, there is a policy and practice within the Institution that because of the size of our payroll account and because of the uncertainty throughout the year on pay supplementals and the like salaries and benefits must be covered. That action may create an apparent deficit in other objects of expense.

Given the testimony that we provided to the committee last year and the committee's understanding of that testimony, the reprogramming report should have showed that the moneys went into salaries and benefits, because in effect that is where they went. But because of this internal policy of covering the payroll account before anything else, we showed the moneys going against supplies and materials.

Senator McClure. Do I understand the answer, if I could summarize very quickly, to be it really was not expended in the area which we are now led to believe it was?

Mr. Jameson. We had drawn money out of supplies and materials to cover payroll, because last year we had to absorb 50 percent of the higher pay costs for the year. So we had covered through administrative action the salaries and benefits of the Institution. If we had violated our internal practices and put the money into salaries and benefits, then the administrative reprogramming would have gone into the salary account. It is very confused, and I apologize for that.

Senator McClure. Isn't it a fact that at the hearing last year the Smithsonian agreed with the findings that we had made that there had been overhiring?

Mr. Jameson. We did hire 15 people last year because of the workload situation in the Office of Plant Services, yes.

Senator McClure. So the shortage that occurred that you covered was simply because you hired more people than was authorized?

Mr. Jameson. That is correct.

RENTAL SPACE AT THE NAVY YARD

Senator McClure. An increase of $345,000 is requested for rental space. The major portion of this amount, $317,000, is for space at the navy yard annex. The Smithsonian was to vacate this space and no funds were budgeted for the navy yard in fiscal year 1985.

In earlier years the committee had been told that the rental savings from the navy yard would be used to offset some of the costs of equipping the Museum Support Center. Last year we were told that the funds would be required to meet rental shortages at other locations and could not be used for MSC equipment costs. This year it appears that the Smithsonian has no intention of relinquishing the space at all even though that was part of the justification for the construction of the Museum Support Center. Why shouldn't we require that you vacate this space in line with the earlier representations to the committee?

Mr. ADAMS. I think I would ask that Mr. Jameson speak to that question also.

Mr. JAMESON. Mr. Chairman, 1 year ago it was our full intention to give up the rental space at the navy yard where we have had our sorting center. That intention was predicated on a move schedule to the Museum Support Center, a schedule which did not materialize, because as the committee knows we had some problems in installing the wet storage equipment in the Museum Support Center. Indeed it was not until this past fall that the problem was corrected and the wet storage equipment accepted by us from the contractor. The move schedule from the sorting center started and will continue this year and will be completed in late summer or early fall of this year.

So, in effect, we are still occupying the navy yard space this fiscal year. Once vacated, however, we now believe that there are several good reasons, which we hope the committee will accept, for holding onto that space.

One is that it is convenient to the Mall. Its size, relatively low cost and likely continued availability to the Institution because it is Government-owned space and not commercial space means that we can continue to use it for the balance of this year and some portion of next year as a mockup or test gallery for exhibitions that will go into the quadrangle.

Second, the space, because it is quite large, 40,000 square feet approximately, and conveniently located, can be helpful to the Institution for the general storage of equipment or materials.

A third reason is that we are nearing the end of our lease commitment to space on North Capitol Street, which is commercial space. We can be in there until approximately the end of this decade. It is, however, in an area which is quite ripe for development so we need to begin to look for alternate space for the activities that are now housed there. We are currently investigating ways that the space at the navy yard could begin to take over some of the activities now housed in the other more expensive commercial space.

The last reason is that in the relatively near future we will be planning to undertake interior renovations to the Arts and Industries Building, partly for our purposes and partly, to accommodate the Woodrow Wilson Center. It seems likely to us that we will have to relocate some activities out of the Arts and Industries Building into other space. We would prefer not to go into very expensive commercial space if we could avoid it. The navy yard space indeed is very convenient to us.

Senator McCLURE. You have outlined where you were before and where you hope to be next year, and of course this year there was no budget request. Is that rental being paid out of trust funds or out of appropriated funds?

Mr. JAMESON. It will be paid this year out of appropriated funds, Mr. Chairman. As you know from prior testimony, we do use trust funds for space, but those buildings are areas where we have trust funded activities. There are no trust funded activities at the navy yard.

Senator MCCLURE. You have no budget for that expenditure in this fiscal year?

Mr. JAMESON. No, sir.

Senator MCCLURE. If you pay for that out of appropriated accounts what are you going to take it from?

Mr. JAMESON. We will have to reprogram moneys into that account to take care of it, assuming that our other projections on rental space materialize.

Senator MCCLURE. But you don't know yet where that will come from?

Mr. JAMESON. No, sir.

PROGRAM INCREASES FOR SCIENTIFIC EQUIPMENT

Senator MCCLURE. Major increases for equipment purchases are proposed for various science bureaus. Fiscal year 1984 base funding for equipment purchases for the Museum of Natural History, the Astrophysical Observatory, the Tropical Research Center, and the Environmental Research Center totaled $1,682,000. The fiscal year 1986 request for equipment for the same four bureaus totals $3,354,000, an increase of almost 100 percent over a 2-year period. The total Equipment Replacement Program for these organizations is estimated to cost almost $14 million. Is there any reason that these purchases can't be spread out beyond the fiscal year 1989 deadline which the Smithsonian has used to determine the replacement schedule?

Mr. ADAMS. I think I will ask Mr. Challinor to speak to that.

Mr. CHALLINOR. Mr. Chairman, the replacement of equipment is an area which we have tended to push aside. It has now gotten to the point where we no longer can afford postponement. It has become an extremely high priority to allow us to continue to function. To postpone this beyond the proposed schedule would cause very serious problems in the Institution.

Senator MCCLURE. I am groping as to how to phrase the question. Even though you now recognize an extreme urgency it is an urgency you didn't recognize in your budget request last year. Am I stating that correctly?

Mr. CHALLINOR. We did recognize it last year, Mr. Chairman, and in some bureaus we had indeed received funds for equipment replacement, namely, in our Environmental Research Center, in the Museum of Natural History, and in our Astrophysical Observatory. We are requesting increases in those amounts for fiscal year 1986 to fit our 5-year projection for orderly replacement of equipment.

FONZ MAILING LIST

Senator McClure. Let me get on to another subject which is perhaps more difficult. I do not hesitate to get into that subject at all. It is just that it is an unpleasant one but nevertheless must be explored.

The Friends of the National Zoo made their mailing list of 7,000 names available to the Democratic Senatorial Campaign Committee and the Democratic Congressional Campaign Committee. As a result, all members of FONZ are now receiving predictably partisan mailings assailing the President and the Republican-controlled Senate. Dr. Roscoe Moore, president of FONZ, has written to the subcommittee stating that this was "an error in judgment" and indicating that the board will issue guidelines to prevent a repetition of this in the future.

What is the Smithsonian policy with respect to the activities of the various organizations associated with the Smithsonian that are not supported with Federal funds?

Mr. Adams. I would like to express personal regret, Mr. Chairman, concerning the fact that that took place. It took place without our knowledge. I would like to ask Mr. Jameson again to speak to the more technical issue of what the situation presently is.

Mr. Jameson. Mr. Chairman, we have provided a copy of our policy statement to the committee. Basically it makes two key points with regard to your question. Our policy is that where Smithsonian organization units exchange or rent lists that any such exchanges or rentals are to be with organizations whose responsibilities or mission or activities are compatible with those of the Institution.

The second important point, I believe, is that all expenses of such lists are to be met with trust funds.

Senator McClure. Should it be the responsibility and are you meeting the responsibility as the board of the Friends of the National Zoo or of the Smithsonian itself to determine the conditions under which mailing lists will be made available to other organizations? You have supplied them with a statement of your policy; are you going to see that they follow it? Or is it your view that you should see that they follow it?

Mr. Jameson. I think it is a two-part answer, Mr. Chairman. They are a separate legal entity, and from that standpoint they have the inherent responsibility to construct their policies and practices. But very much in line with your question, given the programmatic relationship of the FONZ to the Smithsonian Institution and the general public's perception of that relationship, I think the FONZ should adopt policies and practices that reinforce that relationship.

I am advised that our staff is working with the FONZ staff and they are developing a policy which will reflect that of the Institution.

Senator McClure. Do you believe that they will do that as a matter of consultation and concurrence with your policies?

Mr. Jameson. I believe they have learned a useful lesson.

RESTAURANT DEVELOPMENT

Senator McCLURE. Mr. Adams, I would like to ask you a few questions about the plans for restaurant development at the Smithsonian Institution. My concerns and questions go really to three basic issues.

One is the question of whether financing should be done by the Smithsonian or by some private investor.

The second is the issue of the Smithsonian's contractual relations with Marriott-LeRoy Enterprises.

Third is the issue of the quality of the restaurants at the Smithsonian Institution.

When the Smithsonian asked for offers to operate the Smithsonian food service facilities in December 1983, the offers were to be based on private financing of all capital investments.

Private financing of its restaurant facilities would preserve the Smithsonian Institution from any financial risk; that is, if for any reason the revenues from the restaurants were not sufficient to cover the debt service, then the loss would fall on the contractor and not the Smithsonian. Was that part of the consideration?

Mr. ADAMS. That was part of the consideration, sir. That does not quite reflect the outcome, but that was part of the consideration at the outset, yes.

NASM RESTAURANT BID RESULTS

Senator McCLURE. Did the bid that the Smithsonian accepted from Marriott-LeRoy Enterprises meet the RFP specifications?

Mr. ADAMS. It met the very general RFP specifications, yes.

Mr. Chairman, if you have a series of questions on this subject, may I offer to make a general statement that perhaps may permit the questions to somehow address the issue in a more comprehensive way?

Senator GARN. Mr. Chairman, if I might make a statement before he makes his.

Senator McCLURE. Certainly, Senator Garn.

Senator GARN. I, too, am concerned about this, and as a member of the Board of Regents was involved in the discussions leading up to this. I plead guilty to neglect of duty at not being at the January regents meeting, and I would like everybody to know it was not because I was in Houston. The press would like to believe everything I have not done is because I have been someplace else. I plead guilty to having my first grandson born 4 days before that Board of Regents meeting, and I went to Utah to see my first-born grandson. So I was not there and I should have been, and I plead guilty to not being there and being part of that discussion.

I feel very strongly that the Smithsonian should not be in the restaurant business, and I really am not concerned with who operates it. I am not here on behalf of any one particular organization. But I do very clearly remember, to put it bluntly, the mess we had at the Air and Space Museum and the problems with the restaurant there and the loss of money to the Smithsonian.

There is no Member of this body who has higher regard for the Smithsonian as an institution or the people there than I do. One of the great privileges I have had of serving in the Senate is to be on the Board of Regents for the last several years. I don't know of anything I have done except space that I enjoy quite as much.

But that tells me that we have the premier museum in the world without question, and there is no doubt about that in my mind, that doesn't know a damn thing about running restaurants and should not be in the food service business. That is why when the decision was originally made to go for outside bids and have somebody else operate it, whoever was selected, I thought that was a very good decision and I supported a recommendation or amendment in one of the Board meetings last year to do that. I haven't changed my mind that it is good policy to keep the Smithsonian in the museum business. Nobody does a better job on this entire Earth, not just in the United States, than the Smithsonian. But I see no evidence that you know how to operate a restaurant or that with your vast experience or anybody else's that there is any great expertise in food service around there.

So I just wanted to make my position very clear from a very general standpoint. I would like you to stay in the museum business and let somebody else feed the tourists who come through there. That is why we as a subcommittee are asking some of these questions, to find out why.

Again I apologize for running to Utah to see my grandson, but I would do it all over again if I had the same opportunity and had to choose between a Board of Regents meeting and my first grandson. The next one may be different. One is due in May, another one in June. I have very productive children. So the next events will not be quite as exciting as the first one.

Thank you, Mr. Chairman.

Senator McClure. Senator Garn, I wonder if we could ask you to provide a list of the due dates to the committee. [Laughter.]

Senator Garn. Yes; as closely as I can.

Senator McClure. Secretary Adams.

Mr. Adams. Senator Garn, I would like to say that as far as I am aware there is unanimous agreement not only among the regents but within the Smithsonian staff that we do not know how to run restaurants and that we do not belong in the restaurant business. There is nothing in the action that the Smithsonian has recently taken that reflects any change of mind in that regard. Our problems are with the specific contract that has been suggested by Marriott-LeRoy, and we do have serious problems there.

Let me proceed with my general comments and then I and my colleagues are, of course, ready to pursue any of these points in further questions.

First of all, there is no contract now. Hence there can be no breach of a contract at this point.

I have here, and we can make it a part of the record, the letter that was sent to Marriott-LeRoy last May at the time of the decision that they had been selected to operate those services, pending the conclusion of a satisfactory contract.

[The letter follows:]

LETTER FROM R.P. PERKINS, DIRECTOR, OFFICE OF SUPPLY SERVICES, CONTRACTING OFFICER

MAY 29, 1984.

Mr. J.W. MARRIOTT, JR. and
Mr. WARNER LEROY,
Marriott-LeRoy Enterprises, 10400 Fernwood Road, Bethesda, MD

DEAR MR. MARRIOTT AND MR. LEROY: I am pleased to announce that Marriott-LeRoy Enterprises has been selected to operate food services at the Smithsonian, pending the conclusion of a satisfactory contract.

At this time, there remains a considerable amount of detail, including corporate management, on-site management, interior design, menus/value and contractural terms and conditions, which needs to be made a part of the contract. In order to make a more efficient use of our time and resources, I have asked that Mr. Cobert and Mr. Gutzler meet to set out the list of remaining items and jointly produce an agenda for resolving them, with a target date for contract award and a schedule to begin and complete construction.

With your continued involvement, we should be able to agree on remaining details and begin, in a very short time, construction and renovation of facilities and the operation of a most outstanding food service venture.

Very truly yours,

R.P. PERKINS,
Director, Office of Supply Service,
Contracting Officer.

CONTRACT DISPUTE

Senator MCCLURE. Before you proceed further on that, you make the point that there is no contract, that is a point which they dispute, is it not?

Mr. ADAMS. I believe they do, but I couldn't imagine a letter that was more clearly worded than this. It goes on in the following sentence to indicate the considerable amount of detail remaining to be negotiated, including contractual terms and conditions. Our problems arise precisely over those contractual terms and conditions.

I leave it, of course, to the lawyers to pursue this, as indeed they well may, but our position very strongly is that we are not presently operating with contractual arrangements.

Senator MCCLURE. I understand from them that they have received a legal opinion from a major law firm that they have a binding enforceable contract and that the Smithsonian is now in breach of that contract. I certainly pass no opinion on that, but that apparently is their position.

Mr. ADAMS. I pass none either, sir. I am operating in terms of the advice of our own legal counsel.

The second point I would like to make is that the terms to which the Smithsonian found it necessary to take exception were not in the very general response to the RFP that Marriott-LeRoy offered but were in the contract itself that was subsequently proposed in the latter part of the fall.

My third point is that there was and remains throughout our discussions a very substantial difference in the interest rates that we were able to arrange for and those that were offered by Marriott-LeRoy, a difference of several percentage points, which made a very substantial difference over the life of the contract.

INTEREST RATE NEGOTIATIONS

Senator McClure. Would you rather that I withhold questions or address those points as you go through them?

Mr. Adams. I would follow your own lead, sir.

Senator McClure. Maybe it would be best that after you make a point and have completed it I ask a question with regard to it.

It was my understanding that when the Smithsonian expressed a desire to explore self-financing Marriott-LeRoy offered to match any interest rate the Smithsonian could obtain; that they offered an additional $5 million, a total of almost $23 million, in capital investment in order to meet new Smithsonian requests; and that they offered not only to increase the overall rent as a percentage of gross sales, including their repair and renovation commitment, but even to give the Smithsonian a 50-percent profit-sharing arrangement for all profits over a certain level.

Mr. Adams. I think with regard to every one of those points, sir, it is a matter of intepretation. Our people who were involved in those negotiations differ radically from the interpretation they are offering.

Senator McClure. Specifically on the interest, did Marriott-LeRoy offer to match any interest rate that you could obtain?

Mr. Adams. Let me turn to Ms. Ann Leven, our treasurer, who dealt with this.

Ms. Leven. To the best of my knowledge, they did not. Mr. Butch Cash, who is an executive vice president of Marriott, sat in my office when I debated the 14-percent interest rate that was included in their final proposal and offered 13 percent. Some subsequent days later the Riggs Bank offered us a 9-percent floating rate for a limited period of time.

Senator McClure. Have you had discussions with Marriott-LeRoy since that time?

Ms. Leven. Not on interest rates, sir.

BUY-OUT PROVISIONS

Mr. Adams. To continue, there were what were from our point of view very onerous buy-out provisions in the 25-year contract that Marriott-LeRoy wanted, such that we would have been expected, if we wanted to terminate the contract as much as 20 years out, to make a very large payment to Marriott-LeRoy. I believe it was on the order of—perhaps I should turn to Ms. Leven.

Ms. Leven. The buy-out provisions ranged from $44 to $52 million, and that was in addition to whatever might be remaining of the $22 million that Marriott-LeRoy was going to loan us for the renovations that were proposed. Forty-four to fifty-two million dollars represents a very substantial, almost complete amount of our unrestricted endowment. Our auditors would have demanded that we document the contract in our statements because of the magnitude of this obligation.

Mr. ADAMS. Let me continue. It was our view as we reviewed the situation that risk comes in several forms, and indeed there is a risk of mismanagement or inferior management leading to a loss of business in the restaurant and to some loss of income as a consequence.

That is, however, only one risk. Another category of risk that was very much on our minds was the maintenance of some Smithsonian control over the quality of the restaurant service, and our feeling was, particularly in view of those buy-out provisions, that we were going to be forced to lock ourselves into a very long-term contract with very severe difficulties in negotiating any improvement in quality over the longer run, and that was a consideration that weighed on our minds, not in terms of the present parties to the negotiation, but parties who might be involved 10 or 15 years down the road. So we felt we had a serious problem there that had to be kept in mind.

NASM RESTAURANT DESIGN

The next point I want to make has to do with the design of the restaurant itself. It is our interpretation of the present situation that the Smithsonian owns and has paid for the design of the restaurant that was prepared under the auspices of HOK. I wasn't involved at the time myself, but I understand that Mr. Warner LeRoy contributed to that design in some measure, perhaps in some significant measure. But I do not think this means it is the Warner LeRoy design; it is instead the HOK design with a measure of contribution by Mr. Warner LeRoy.

I have already indicated to the Marriott interests by letter in February that we were prepared to negotiate a suitable reimbursement for the contribution he made to those designs. We haven't pursued such negotiations until now, but we have indicated that we are certainly ready to do so. We are also ready to negotiate suitable reimbursement for any expenditures that were made by Marriott-LeRoy subsequent to their submission of the bid.

In our own view, as I have indicated, a long-term contract is a decidedly mixed blessing. I don't mean this to imply that we are in favor of running our own restaurant. I reiterate that we agree completely with Senator Garn in that regard. But we do think that we have the responsibility in connection with a premier museum, with the premier museum, of assuring over the long term the maintenance of quality in that restaurant, and that the Smithsonian is here for the longer term than individual corporate interests with which we are negotiating now, and that from that point of view shorter-term contracts subject to renegotiation may give us a greater level of control.

REBIDDING THE PROJECT

I have just a couple of other final points. The first is that the Smithsonian feels that it needs to maintain a policy of openness with regard to all of its contracting procedures. In this case the initial restrictions at the time that this project began—that the bidders had to be prepared to provide the funds for it—eliminated a number of otherwise interested bidders from coming into the process. They so indicated to us both orally and in writing at that time.

If we were now to change those terms and have the Smithsonian provide the funds we would in effect have excluded them from those discussions, and it is our view that we would be at some risk of being legally liable for damages to them for not having made it possible for them to participate in the bidding.

Finally, I would say that—it is possible my tone has suggested otherwise, but I don't mean it to—I personally found the concept that I have had an opportunity to discuss with Mr. LeRoy a very attractive concept, and I am still very hopeful that Marriott-LeRoy will be involved in some appropriate way in the rebidding process. I do not think this should be understood as our attempt to reject Marriott-LeRoy as a very able, well-known, well regarded firm in this business which they know much better than we do. Our interests are not at all in excluding them from this process.

SELF-FINANCING

Senator McCLURE. Suppose you do self-finance the restaurant improvements and you get a contract to run the restaurant for 2 or 3 years and the contractor is unable to generate enough revenue to cover the debt service. I know you wouldn't plan it that way, you wouldn't expect that to happen, but suppose it did happen. Won't the Smithsonian be left holding the bag?

Mr. ADAMS. My understanding is that the contract that was offered to us also did not hold us harmless if the business were to fall off in a really radical way. But perhaps I should ask Ms. Leven to comment on that.

Ms. LEVEN. Marriott-LeRoy would be the first to tell you that they, too, recognize that during first years of the proposed restaurant operation—until public acceptance is built up, until the menus have been stabilized, with one thing or another, it would not, in fact, make money. We are aware that we would have to subsidize the debt service for the first years.

Senator McCLURE. That is a slightly different question than whether or not it is a profit-making venture that takes the risk. Under the long-term contract that you had wasn't that risk transferred to the contractor?

Ms. LEVEN. No; the risk was not transferred to the contractor; it was a shared risk all the way through as in the later years it would be a shared profit. But we had to go a number of years before we came to the full profit.

Senator McClure. A shared risk in what way?

Ms. Leven. In that we would have to subsidize their management fee and they would not get the full extra measure over the management fee if we were not making money. It's a fixed-fee-plus kind of arrangement.

Senator McClure. But that risk to the Smithsonian is not as great as being self-financing.

Ms. Leven. It could very well be.

Senator McClure. It could very well be?

Ms. Leven. If we did not have adequate service and we did not have adequate food in the restaurant such that the public accepted it and we were unable to change contractors, it might well be that we would have to carry the whole restaurant.

Senator McClure. You are saying if they did a miserable job and you couldn't get rid of them you would have a bad risk.

Ms. Leven. Right.

Senator McClure. But absent that one qualification, the risk if you are a self-financer is greater than if you share that risk with a contractor.

Ms. Leven. Not really, because we had to pay back Marriott the $22 million that they would lend us on a pro rata share anyhow. Thus, we would really be borrowing the money as if we were borrowing it from a bank. It just so happens we were borrowing it from Marriott. I don't see the difference, sir, in the risk quotient.

Mr. Adams. Senator McClure, I perhaps should interject here, if I may, that if there is a risk, and I suppose there is a risk in anything one does, it is not a risk to the appropriated budget. It has been the understanding from the very beginning that the risk would be to the trust fund.

Senator McClure. I understand that. They don't seem to get totally separated, though. I know that we operate under the myth that they are.

Ms. Leven. Let me comment also, sir, that with lower interest rates the carrying costs become significant on that amount of money.

Senator McClure. Certainly, and that is a very obvious and a very correct point. The question is whether or not Marriott had the opportunity, or whether indeed they had a contract, and whether they had an opportunity to meet the changed conditions of a better offer later. They may well argue, and I have not yet received this argument from them, that what the record shows is that you had entered into a contract with them; then you got a better offer, so you wanted out of the contract with them in order to get the better offer.

Ms. Leven. I wish I had had the better offer, but I didn't have the better offer.

Senator McClure. You had the better offer from Riggs, apparently. You said it was better.

Ms. Leven. Only after the negotiations were over, sir.

Senator McClure. That's what I mean. That makes my point, I think.

Ms. LEVEN. Prime at the time that we were talking with Marriott was about 8 percent. So from my professional experience, having worked for a major bank, I was able without Riggs to determine that it would be possible to get a lower rate. It was only after we ceased talking to Marriott and after the negotiations were over that Riggs made me their offer which I have in writing.

Senator McCLURE. Has the Smithsonian had any independent analysis done on whether revenues from the Air and Space Museum restaurant, based on your most recent attendance figures from the last few months, would generate revenues sufficient to cover the Smithsonian's debt service on the new restaurant building?

Mr. ADAMS. No, Mr. Chairman; we have not carried out an independent study. We have examined further and carefully our attendance figures at the Air and Space Museum, and we are now satisfied that the figures as they are being recorded are very, very close to accurate and that the attendance is approximately that on which the initial discussions with Marriott-LeRoy went forth.

I have nothing more to add there except that if it made sense for Marriott-LeRoy to feel that this was a worthwhile commercial venture at the 14-percent level, it certainly ought to represent still a worthwhile venture at the 9-percent level.

CONTRACTOR SELECTION HISTORY

Senator McCLURE. It is my understanding, Mr. Adams, that one, that the public summary of the May 24, 1984, meeting of the audit and review committee of the Smithsonian Board of Regents reflects a decision by then Secretary Ripley that Marriott-LeRoy be awarded a contract for the Smithsonian's restaurant operations; and two, that after conducting a formal bidding competition the Smithsonian notified Marriott-LeRoy that its bid had been accepted and that they had been selected to operate the restaurants pending only negotiation of remaining details, meaning presumably details not covered by the bid document.

I realize all of this was before you arrived.

After the May 29, 1984, selection letter was sent to Marriott-LeRoy didn't the Smithsonian make requests for Marriott-LeRoy to begin performing extensive and expensive design and planning services for Smithsonian restaurant facilities?

Mr. ADAMS. There are a number of questions in there on which I might comment, Mr. Chairman. I think, to begin with, the statement that appears in the minutes of the audit and review committee is the shorthand in the minutes which speaks of the awarding of a contract; that isn't legal language and it isn't a legal document; it's an internal document for the Smithsonian itself. It seems to me that the letter that is the legal document is the one I have already made reference to, this letter of May 29 to Marriott-LeRoy, and let me read the operational sentences once again.

Senator McCLURE. Could I make a rather broad general request of you that whatever written documents that you have be provided to the committee.

Mr. ADAMS. They certainly will.

Senator MCCLURE. Thank you. Please go ahead.

Mr. ADAMS [reading]:

> I am pleased to announce that Marriott-LeRoy Enterprises has been selected to operate food services at the Smithsonian, pending the conclusion of a satisfactory contract. At this time, there remains a considerable amount of detail, including corporate management, onsite management, interior design, menus value and contractual terms and conditions, which need to be made a part of the contract.

It goes on with other statements. Those are the key statements in this letter which we believe are the operative ones that should govern this.

Senator MCCLURE. Isn't it correct that the Smithsonian requested that they work on the design of serving systems?

Mr. ADAMS. They did indeed. Again, it was before my time. They certainly were involved in discussions with a number of museum directors about various of these details.

I should say that we do not have any material record of the outcome of that work in the form of menus or designs or anything of the kind. From our point of view it perhaps is worth saying here that the total output of the Marriott-LeRoy effort that has been in our hands one time consists of two sketch drawings of this building which we do not now have.

Senator MCCLURE. Is that a representation that to your knowledge that is all they were requested to do and all that they have done?

Mr. ADAMS. No, no; I am quite sure that their discussions went much further, but it isn't as if we have a large body of material which is in a condition for us to make use of.

Senator MCCLURE. We are informed that they were requested to work on the design of the serving systems, on exterior and interior architectural design, decor planning down to the level of tablecloth design, equipment selection, and design and organizational planning.

Mr. ADAMS. I think I should ask someone who was involved with that process to speak further to it.

Mr. JAMESON. The whole contract negotiations hinged in large measure, Mr. Chairman, on getting an adequate level of information from the selected vendor as to what kind of renovations would be provided in our several food service facilities and how those food service facilities would be operated. This consumed a large amount of time between the end of May and the late summer and early fall.

We could not consummate a contract with them until the costs associated with operations and the costs associated with renovations were pinned down to a point where they could be built into the financial aspects of the contract. So of necessity Marriott-LeRoy, as any vendor who might have been selected at the time, had to go through a certain process of becoming completely familiar with the requirements of the work that the vendor would perform in these facilities in order to do the financial documentation.

INCURRED DESIGN COSTS

Senator McClure. Was the Smithsonian aware that Marriott-LeRoy was incurring substantial expense in performing those services, expense which they have indicated amounted to more than $1 million?

Mr. Jameson. Mr. Chairman, I have no knowledge of what the costs of those services might have been. Certainly as part of the cost of doing business and the cost of getting a contract with the Smithsonian they had to incur some staff and other costs for the purposes that you mentioned. But we have no information at this point what the value of those services might have been.

Senator McClure. Mr. Adams, you have indicated you have nothing of substance from them, and yet on March 11 the Washington Post reported that the Smithsonian plans to use the Warner LeRoy design, and presumably the detailed design services of both LeRoy and Marriott, for the restaurant regardless of who gets the contract. Is that report in the Washington Post erroneous?

Mr. Adams. I think it is erroneous with regard to speaking of this as the Warner LeRoy design. We do believe we own and have paid for, have paid substantially for, a design submitted by HOK in which in some measure Mr. Warner LeRoy was involved. We, as I have already indicated, are prepared to negotiate further reimbursing him for what his contribution has been. I have no way of assessing that contribution myself.

THE REGENTS REVIEW

Senator McClure. I realize that we are not a court of law and I am not trying to pass any judgment as to whether or not you have a contract. Presumably if their lawyers' legal opinion is correct you'll solve that in some other forum.

This is an issue which I certainly realize is far down the track. It is not just the first discussion of the issue, and I know that it started and was well matured before you came on board. In view of the questions that have been asked not only by myself but which will be submitted for the record and questions from other sources, is there any chance that the regents will be asked to review the question?

Mr. Adams. I think you might more properly address your question to Senator Garn who is in a position to assure that it is taken up by the regents.

Senator McClure. But he is just one.

Mr. Adams. Of course he may at that point have a new grandchild. I understand the problem.

Senator McClure. If you schedule it right.

Mr. Adams. You can be assured that we will communicate to the regents the interest you have taken in this question and also the specific questions that you have raised about the action that they already took. I wouldn't want to prognosticate that they will change their view, but it is really a matter for the regents themselves to determine.

Senator GARN. Mr. Chairman.

Senator MCCLURE. Senator Garn.

Senator GARN. Let me just follow up on my opening remarks. I cannot judge the validity of contracts. I am fortunate enough not to have a law degree. There are only a few of us in the Senate, but I am one of those fortunate few who is not able to judge all the legal niceties of things. I'm sorry. I love my chairman, but I think it gives me sometimes a broader view than the way attorneys are trained to look at dotted "i's" and crossed "t's". So that will be in another forum.

My concern as a member of this subcommittee or as a regent has nothing to do with the specifics of the contract. I can't judge that. I wasn't involved in negotiations. You can hear one side and then the other and it all sounds very reasonable, depending on who you heard last, and so I am not able to judge at all whether there is a contract, whether there isn't, who did what when.

My concern is over having made what I thought was a decision to go outside, whoever that outside was, so that the Smithsonian really was totally out of the restaurant business and not judging that every couple of years did we have good performance, did we not, how was the food, how were the prices, and all of that sort of thing in that kind of detail. That is still my concern of going to self-finance; that is the issue that I am concerned about.

The details of the contract have to be argued some other place by people who have expertise in that area, and if I do not have a grandchild at the time of the next Board of Regents meeting, that is the only issue that I would intend to bring up, the overriding principle of should we or should we not be getting into that kind of detail or should we, whoever gets a bid, be allowed to run a restaurant with people who are experienced in the restaurant business.

I know about accepting from low bidders. I used to be a mayor, and I have flown a lot of airplanes that were built by the low bidder too. I won't get into detail, but I can tell you about a curb and gutter contractor in Salt Lake City that it was hard to turn down, but I finally did because I got tired of ripping up the curb and gutter that he put in.

So when you put things out to bid you can get some fly-by-nighters in that process where you would like to have control and be able to kick them out on a shorter term basis. I understand that principle as well. But the Smithsonian is such a Cadillac or Mercedes of institutions that I couldn't believe that we couldn't go through a process where we could pick somebody in that bidding process that was of similar caliber in their field, that you know would perform and do the kind of job that ought to be done in a Smithsonian restaurant.

So that is where I am coming from, that overriding general principle. I thought it was a good decision when we originally made it, without regard to Marriott-LeRoy or whoever might be the successful bidder, but the principle that we would go outside, not self-finance; we would require somebody else to put up the money and put as much risk on them as possible and keep the Smithsonian in the museum business.

RESTAURANT POLICY ISSUES

Mr. ADAMS. Senator Garn, I think one might express the range of policy choices that confronted the regents in January and that will, of course, confront them again in May, if they choose to take the matter up, as the following:

On the one hand you have a contract which was seen as being seriously disadvantageous in a number of respects; on the other end of that same continuum you have the danger of the Smithsonian finding itself involved in what might be called micro management at a level where we do not have the competent people to do it and where we were adversely affecting the restaurant itself.

Between those two one comes to a situation with all of its particulars where one has to make a judgment: Is the danger of micro management greater or is the danger of an adverse contract greater?

My understanding is that the regents decided in January that the terms that were offered were just not attractive enough even while recognizing with you the danger of us drifting toward greater involvement than was proper in the restaurant business. They may change that judgment, of course, if they choose. On the other hand, I think they may also find a course of action which keeps us out of the restaurant business and yet still says that that would have been a disadvantageous contract.

Senator GARN. And if I had been there I may have very well agreed that the particular contract being negotiated was not advantageous to the Smithsonian. That is why I wanted to divorce myself from that issue and go back to the principle. The regents went beyond saying this is not a contract we want to sign or get involved in, the negotiations have broken down, whatever. We don't often have disagreement on the regents; we thrash things out and go into a lot of detail and we have a lot of good discussion, but ultimately we usually end up voting unanimously on things.

I can't judge in hindsight, but I may very well have agreed. I can't imagine I wouldn't have said, OK, we don't like this one, but the principle of staying outside is a good one. And we are going to open it up. That is the point that I am trying to make. We went further than just saying we don't think this contract is a good one; we went to the extent we are going to move away from a principle we established a year before and we are going to self-finance and do it on a different basis.

I am glad you brought that up. It gave me another chance to emphasize my point. I would not go back to the regents and talk about a particular contract and reopen all of that, but I would like to talk about the principle of why we took a step beyond that to go internal self-financing rather than saying we keep the principle; we either try to negotiate a better deal with these people; or if we can't, we look elsewhere under that particular principle.

Mr. ADAMS. I think we have found unanimity once again, Senator Garn. I completely agree with that.

RESTAURANT SUMMARY

Senator McClure. Thank you, Senator Garn.

Let me make a very brief statement of what I understand some of the facts to be and then ask you to keep the committee advised as to what you do and again to provide the documents that you have so far developed.

My understanding is that about 1½ years ago you started this process and after some of the negotiations which we have discussed in some detail and others which haven't been discussed the Smithsonian decided to build the restaurant through the use of trust funds or by borrowing the money directly rather than the financing arrangement that was first sought in the bid solicitation.

The reasons given by the Smithsonian, as I understand them, are that Marriott figured financing costs at 14 percent while the cost of money was not that high; that Marriott wants total control over menu and pricing; and if the Smithsonian were to terminate the contract prior to the end of 25 years the Smithsonian would have to pay Marriott a return on its investment equal to what Marriott would have made on other investments.

The Smithsonian does not plan to operate the restaurant once built, and they have encouraged Marriott to enter into competition for that activity, as Marriott manages most of the food services for the Smithsonian now.

Marriott tell us that they will give the Smithsonian the economic benefit of lower interest rates through increased rent; that they will have a review committee to work out differences on menu and prices; and that the Smithsonian would be liable for buy-out only if the lease were terminated without cause; if it were terminated with cause, the Smithsonian would be liable only for the book value of the facility.

That is the background of information which has been provided to me. If you would provide for the record the instruments that I have asked for together with whatever statement you would like to make for the record on that subject.

Mr. Adams. We will do so.

[The information follows:]

SMITHSONIAN INSTITUTION
PROCEEDINGS OF THE MEETING OF THE BOARD OF REGENTS
September 17, 1984

SUMMARY OF PROCEEDINGS

Calling the meeting to order the Chancellor welcomed Mr. Adams to his first Regents' meeting and also welcomed the new Treasurer, Miss Leven. Mr. Ripley notified the Regents that Regent Emeritus Dr. Jerome C. Hunsaker, who had been a Regent from 1949 to 1968, died on September 10, 1984 at the age of 98. The Regents expressed their regret and asked Mr. Ripley to convey their condolences to Dr. Hunsaker's family.

Report of the Executive Committee

Mr. Humelsine noted that, in response to a poll taken of the Board through the mail, it was unanimously

> VOTED that the Board of Regents confers on Secretary S. Dillon Ripley the Order of James Smithson in recognition of his singularly outstanding service to the Smithsonian and awards to Mary Livingston Ripley the Henry Medal in recognition of her extraordinary contributions to the prestige and growth of the Institution.

The Executive Committee met on August 22, 1984 to discuss and approve the proposed agenda for the Regents' September 17 meeting.

Discussing the Financial Report, Mr. Jameson pointed out that the Institution has been hard-pressed to absorb the costs of legislated pay raises in the current fiscal year, but this goal had been met through the stringent application of personnel lapse savings and closely monitored expenditures. He suggested that delayed House-Senate conference action on the fiscal year 1985 appropriations may force the Smithsonian to operate under a continuing resolution in October and that the Institution would undoubtedly need to reprogram its Federal resources in the event any across-the-board cuts are imposed by either the Congress or the Administration. The Committee discussed the new wording in the proposed Regents' resolution approving the fiscal year 1985 nonappropriated funds budget; the revised wording affords a reasonable degree of flexibility for mid-year adjustments to trust fund expenditures while making it clear that the Regents shall be informed of all significant actions. Miss Leven reviewed the Investment Policy Committee report and expressed hopes of presenting updated figures in September which will reflect improved endowment performance as a result of the positive market conditions prevailing since June 30.

Discussing the draft Five-Year Prospectus, Mr. Jameson observed that the projected Federal operating budget increases are largely attributable to pay costs and utilities. The Committee discussed the difficult decisions which will need to be made with respect to the large renovation and construction costs projected during the planning period. The Secretary observed that donated funds may offset these requirements to some extent, as in the potential donation for the Smithsonian Tropical Research Institute discussed elsewhere in the agenda. In other discussions the Committee considered the dilemma of pursuing expansion plans for the Cooper-Hewitt Museum while simultaneously facing the need to bring the Museum's existing facilities up to Smithsonian standards.

Report of the Audit and Review Committee

The Audit and Review Committee of the Board of Regents met on May 24, 1984. At Mr. Acheson's request Dr. Challinor gave a presentation on the history, current operations, and future plans of the National Zoological Park. In discussion Dr. Challinor characterized the National Zoological Park as one of the largest bureaus of the Smithsonian in terms of its facilities, budgets, and public visitation, and ranked the Zoo among the ten best in the world in terms of the quality of its programs.

Coopers and Lybrand presented their plan for the audit of fiscal year 1984 appropriated and trust funds, which plan does not vary significantly from the prior year's audit. They observed that a limited amount of rotation of the experienced engagement personnel will provide an appropriate balance between continuity and fresh perspective.

Ms. McClelland gave a brief overview of the organization of Smithsonian business activities and history of the Institution's product licensing. The Business Management Office is beginning to revitalize the product licensing program in the strongest areas of Smithsonian collections, such as textiles. She described the variety of potential products, the criteria used in selecting companies, and the Institution's controls in product selection and contract monitoring.

Mr. Hughes reviewed the steps taken by the staff to improve food services at the Smithsonian museums, highlighting the need for a new facility at the National Air and Space Museum and for improved facilities and service at other museums. He informed the Committee that the Secretary had accepted the staff panel's recommendation that the joint venture of Marriott-LeRoy be awarded a contract for all of the operations. Mr. Hughes and Mr. Jameson then discussed the range of Smithsonian controls which would be specified in a negotiated contract with the concessionaire and those which will result from the Institution's more professional oversight of food services.

Financial Report

Fiscal Year 1984: A supplemental appropriation of $1,420,000 has been approved for increased Federal pay costs. Revenues generated by the auxiliary activities, particularly the Magazine, the Museum Shops, Mail Order and Smithsonian Press, are running well ahead of budget. Net income for the year to Unrestricted General Trust funds is projected to total over $20 million, providing additional support for important administrative and program needs and enabling the transfer of an additional $500,000 (for a total of $3 million) to unrestricted endowment.

LETTER FROM PHILLIP S. HUGHES, UNDER SECRETARY, SMITHSONIAN INSTITUTION

March 27, 1985

Joseph A. Califano, Jr., Esq.
Dewey, Ballantine, Bushby, Palmer & Wood
1775 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

Dear Joe,

Secretary Adams asked that I reply to your letter of March 18, 1985. Our lawyers are giving careful study to your memorandum. Their initial opinion to me is that no contract exists between Marriott-LeRoy and the Smithsonian.

They base this conclusion on the same May 29, 1984, letter upon which you rely. We feel, however, that the final phrase ". . . pending conclusion of a satisfactory contract." is the operative portion of the sentence, clearly evidencing the fact that all of the essential terms had not been accepted by the Institution. Moreover, the proposal submitted by Marriott-LeRoy Enterprises on March 15, 1984, states: "At the conclusion of contract negotiations, the Marriott-LeRoy board reserves rights of approval for the final contractual terms." I think it quite clear that both sides expected to negotiate and did negotiate, with the clear understanding that there would be no contract until those negotiations were successfully concluded and approved by management for both sides.

Subsequent action at the bargaining table reinforces this belief. For example, in July 1984 both sides agreed to focus only on the financial aspects of the agreement, stating that without agreement on that critical matter no deal was possible.

The effort put forth by Marriott-LeRoy over the spring and summer was intended to come to a fuller understanding of the total investment required to upgrade all of the Smithsonian's eating facilities as well as to arrive at a design and cost figures. This was necessitated because the March 15 proposal from Marriott-LeRoy although purporting to cover all eating facilities was in fact limited to the National Air and Space Museum and to the National Museum of American History and did not include plans or financing for the other restaurant facilities. Without this detailed knowledge, it was impossible to get a clear idea of the level of investment required.

The Secretary has written Bill Marriott about this matter and I am enclosing copies of his letters of February 20 and March 12 for your information. While we do not feel that any contract exists, as our March 12 letter recognized, we are aware that there may be LeRoy, Marriott, or Marriott-LeRoy expenses.

By the way, the putative groundbreaking ceremony which you mention was cancelled after our attorneys reminded us that we were getting ahead of ourselves because there was no contract to be celebrated.

If you feel it would be useful, I'll be happy to meet and discuss this with you.

Very truly yours,

Phillip S. Hughes
Under Secretary

LETTER FROM ROBERT McC. ADAMS

12 MARCH 1985

Mr. J. Willard Marriott, Jr.
Marriott Corporation
Marriott Drive
Washington, D.C. 20058

Dear Bill:

I have just returned from an overseas visit and have only now had an opportunity to consider your letter of March 4, 1985. Although I sincerely regret your disappointment in our decision to rebid the food service contract, this decision was reviewed and approved by our Board of Regents. With this decision made, we will go forward with our plans to seek operators of our restaurant concessions, and we welcome your participation in this process. We have noted with pleasure the special efforts your staff assigned to the Institution have made toward improved service.

I can assure you that from the beginning of this project the Smithsonian has acted fairly and in good faith to all vendors, particularly Marriott-LeRoy.

Although I regret the expenses incurred by Marriott-Leroy in preparation of its proposal, you will appreciate that the Institution also spent considerable sums throughout the process as well. Should you feel that Marriott-Leroy is entitled to reimbursement for a portion of their expenses, please submit the details to the Office of Supply Services, attention Robert P. Perkins, Director, OSS. I have advised Mr. Perkins to expect a call from your office.

I recognize the long-term contribution made by Marriott to the Smithsonian and I hope that the current matter will not adversely affect our ongoing relationship.

Sincerely,

Robert McC. Adams
Secretary

LETTER FROM J.W. MARRIOTT, JR., MARRIOTT CORP.

March 4, 1985

Mr. Robert McC. Adams
Secretary
Smithsonian Institution
Washington, D.C. 20560

Dear Bob:

I was greatly disappointed to read your February 12, 1985 letter stating that a decision had been made to rebid the Smithsonian contract. I believe that our Marriott-LeRoy venture has been treated very unfairly.

Throughout the negotiations we have acted in good faith and have expended substantial time and money. To now be told that we must start over, with no credit whatsoever for all that has been done to date, is not right.

I realize that you have not been involved until recently and therefore may not be familiar with all that has taken place. We have provided food service for the Smithsonian since 1964. In June 1983, under emergency conditions, we were asked to take over the Air and Space Museum food service which had been operated by the Smithsonian for two years. On very short notice, we supplied the necessary management and resources required to resolve the problems and change a very poor facility into a quality and profitable operation. We did this at our cost with no profit during the peak season until October when we formally took over management under one of the existing contracts. Since 1972 we have invested over $3,000,000 in improving Smithsonian facilities, such as the Palm Court.

Because of our long relationship with the Smithsonian we had no hesitation in submitting a bid, in conjunction with Warner LeRoy, when bids for the new facilities were solicited in early 1984. The Marriott-LeRoy bid was selected over all other bids subject only to negotiation of a definitive agreement.

During the negotiations the Smithsonian asked us to provide extensive and costly services including a development and operations team on location, considerable architectural designs and concepts, construction estimates and marketing research. We were hesitant to expend such substantial time and cost at that stage, and so indicated. However, the Smithsonian insisted and, we reluctantly agreed to proceed, based upon our understanding that every one was acting in good faith to finalize an agreement.

We bid the contract on specified terms and conditions. After negotiations were under way, the Smithsonian changed the terms asking for substantially greater investment and a higher rental. Even so, we continued our efforts to come up with a viable project. We think we did everything that could be reasonably expected in an effort to accommodate the Smithsonian. We are now faced with the prospect of having to bid against others who have not made such contributions.

Since May of last year, Marriott-LeRoy has incurred expenses in excess of $500,000 on this project including over $220,000 in architectural costs. We have relocated employees and have expended much management time and effort in working with the Smithsonian to design the best facilities possible for a very complex project. Most of what we have done to date will benefit the Smithsonian if it rebids.

Lastly, we submitted an opinion of outside counsel that the Smithsonian has no legal obligation to rebid. Apparently your legal counsel agrees.

However, it appears that a decision to rebid has been made, not for legal reasons, but because it would not be fair to parties who did not bid because they were not willing to make an investment. I admire your desire to be fair but believe you are being extremely unfair to Marriott-LeRoy.

We would strongly prefer to proceed with the negotiations and not rebid. If this does not seem possible, I would like to visit with you as our investment in time and money is very substantial. Additionally, Warner LeRoy is pressing us to initiate legal action. We would like to avoid this if possible. If you desire, I would like to meet with you to see if we can't work out an acceptable solution.

I'll ask my secretary to call yours and the sooner we can get together the better. At your suggestion, I've counted to ten many times but it doesn't seem to be doing me any good.

Sincerely yours,

Bill

J.W. Marriott, Jr.

LETTER FROM ROBERT McC. ADAMS

February 20, 1985

Mr. J. Willard Marriott, Jr.
Marriott Corporation
Marriott Drive
Washington, D. C. 20058

Dear Bill:

The memorandum from your legal counsel has had our serious attention. But the main product of our reflection has been the conclusion that the issue involved in whether or not we need to call for a new round of bids is one on which narrowly legal considerations are somewhat tangential rather than central. As important, or in fact more important, are commitments we and our Regents have expressly made to the Bill, the reinforcement of a posture of openness in our contractual arrangements and practices of procurement, and the very real possibility of legal liability if we were to pursue any course other than issuing a new RFP. These considerations are summarized in the attached memorandum from our own Office of General Counsel.

I have to tell you that I find this case compelling -- so compelling that I cannot justify seeking an outside opinion that might, as in the case of the advice you were already given, once again gravitate to the purely legal considerations rather than the ones on which my own decision must primarily turn.

It is with real regret, but with no remaining doubt as to what must be done, that I can only reconfirm the decision of our Regents that was already reported to you earlier. We hope that you and Warner LeRoy, in whatever combinatorial form best suits your needs, will take a deep breath, count to ten (several times if necessary), and then decide to enter the rebidding process. But all the surrounding circumstances make it necessary for the Smithsonian to call for new bids rather than to continue with our prior negotiations.

Sincerely,

Robert McC. Adams
Secretary

MEMORANDUM

February 19, 1985

TO : Mr. Robert McC. Adams
Secretary

FROM : Office of the General Counsel

SUBJECT: Competition in the Procurement of Smithsonian Food Services

On February 6, 1985, you received a legal opinion from the Marriott Corporation which states that the Smithsonian is not required, by federal procurement laws, to resolicit proposals for food services at NASM and elsewhere, notwithstanding the change in the financing necessary for capital improvements from contractor-financing, as required in the original solicitations, to Smithsonian-financing. From this absence of federal restraint, the opinion concludes that the Smithsonian is free "to negotiate and contract on any basis it desires" including "continuing prior negotiations with Marriott-LeRoy with a change in terms." (Emphasis supplied) You have asked what other questions of law and policy might be involved in this situation.

The aforesaid opinion notes that the Comptroller General, in 1961, recognized that, with regard to trust fund procurements, the Regents "have plenary authority to enter into whatever leases or concession arrangements they may deem proper for the accommodation of the public." However, this discretion is not unfettered, since the Smithsonian is a public trust. In the exercise of their trust responsibilities, the Regents have long recognized that prudence requires a substantial degree of competition in major trust fund procurements, as a matter of good business practice, as well as fairness. Thus, when Marriott was selected to run the food service facilities in the Museum of American History when it opened in 1964, it was a result of a competitive request for proposals.

At their meeting in September 1983, the Regents received and approved a report "to develop plans for the selection of one or more concessionaires (through open competitive bidding) upon the expiration of the present contracts, and to continue planning for the construction of a restaurant addition to NASM to meet public needs." On October 21, 1983, the Secretary of the Smithsonian wrote to the Chairman of the House Subcommittee on Appropriations, with regard to the proposed NASM restaurant, "We hope and expect to solicit competitive bids from private enterprise for the restaurant facilities." In December 1983, the Smithsonian issued a request for proposals to operate Smithsonian food facilities, with the critical requirement that the successful bidder must provide all the capital to construct and renovate the restaurants (including the new NASM facility).

Of the fourteen vendors that initially expressed interest in the competition, at least two stated in letters that they declined to submit proposals because of the heavy financial commitment. One of these added: "The Corporation wishes to remain on the potential bidders list in the event that time and circumstances would require a new or revised solicitation." In rejecting the proposal of a third firm, which had offered only partial construction funding, the Smithsonian Contracting Officer wrote: "However, should the Smithsonian decide to change its present position and consider providing funding of the construction, Inhilco will be advised and offered an opportunity to compete."

When negotiations with Marriott/LeRoy failed to produce a mutually acceptable agreement, the Regents, at their January 1985 meeting, approved discontinuing the negotiations and authorized "the planning, design, and construction of food service facilities on the basis of direct Smithsonian financing" in order to "encourage a larger number of qualified vendors to compete for the assignment," "allow the Institution to enter into shorter contracts," and "permit the selection of two or more vendors to encourage on-site competition." It was further stated that "Marriott and/or LeRoy will be given an opportunity to compete for future operations."

It seems clear from the profound effects of the change from contractor-financing to Smithsonian-financing that dealing with Marriott/LeRoy under the new terms would not be "continuing prior negotiations" but requesting a substantially new proposal, without competition. Certainly such action would be so perceived by other interested vendors, and probably by the Congress. Given the expectations of the Regents and the considerations of law and policy, noted above, on which those are based, it appears that you are not free to proceed with the new NASM restaurant and the other renovation projects without issuing a new competitive request for proposals.

LETTER FROM ANN R. LEVEN, TREASURER, SMITHSONIAN INSTITUTION

January 28, 1985

Mr. Francis W. Cash
Executive Vice President
Marriott Corporation
Marriott Drive
Washington, D.C. 20058

Mr. Warner LeRoy
President
LeRoy Services, Inc.
317 East 64th Street
New York, NY 10021

Re: Construction, Renovation and Operation of Smithsonian Food Service Facilities by Marriott-LeRoy Enterprises

Gentlemen:

Thank you once again for your October 26, 1984, revised final proposal and for meeting with John Jameson and me on December 20th. After a great deal of careful consideration, we have concluded that your proposal, especially in the areas of the contract term, the control or review of pricing, menu and staff, and the buy-out provisions, does not meet our long-term objectives as stated in our solicitation or the draft contract we submitted to you on September 12, 1984. It is our conclusion that the renovation and construction of the facilities, providing high quality food to the museum visitors and a reasonable financial return to the Smithsonian can only be met if alternate capital improvement approaches are considered by the Institution. The current financial environment may permit an approach which we believe would be of substantial long-term benefit to the Institution and any concessionaire.

Accordingly, please be advised that further negotiations with Marriott-LeRoy Enterprises will not be scheduled. We are also canceling the RFP of December 19, 1983, as well as our letter of May 29, 1984, which notified you of Marriott-LeRoy's selection to negotiate an agreement to construct, renovate, and operate Smithsonian's food service operations.

In the weeks ahead, the Smithsonian will once again undertake a review of its food service needs and financing alternatives. In so doing, we will develop new criteria for the selection of food service operators. Upon completion of these tasks, you will again have an opportunity to submit a proposal to operate our facilities.

We deeply appreciate tbe time and effort expended by both your organizations during the past months in seeking resolution of the complex and important issues raised during the discussions. I regret that a mutually agreeable outcome could not be achieved.

Sincerely,

Ann R Leven

Ann R. Leven
Treasurer

LETTER FROM J.W. MARRIOTT, JR., PRESIDENT AND CHIEF EXECUTIVE OFFICER, MARRIOTT CORP.; AND WARNER LeROY, CHAIRMAN, LeROY ENTERPRISES

March 15, 1984

Mr. John W. Cobert
Office of Supply Services
Smithsonian Institution
Washington, D.C. 20560

Dear Mr. Cobert:

Marriott-LeRoy Enterprises is pleased to present our joint venture proposal to provide funds for construction and to operate the combined Smithsonian Institution food service operations. The Marriott-LeRoy organization brings to the Smithsonian Institution: innovation; financial strength; excellence in operation expertise; and most importantly, the personal commitment of Mr. J. W. Marriott, Jr. and Mr. Warner LeRoy. We sincerely believe our proposal offers the Smithsonian Institution the ability to become the single most individualized and dynamic volume food service operation worldwide.

We would be privileged to serve the Smithsonian Institution and look forward to the opportunity to personally discuss our proposal at your convenience.

Sincerely,

JW Marriott

J. W. Marriott, Jr.
President and Chief Executive Officer
Marriott Corporation

Warner LeRoy

Warner LeRoy
Chairman
LeRoy Enterprises

PROPOSAL FOR THE COMBINED SMITHSONIAN INSTITUTION FOOD SERVICE OPERATIONS

Marriott-LeRoy is making a total financial commitment to the Smithsonian Institution of $44.4 million based on our projected sales over a 16-year term, assuming that contract options are exercised: $21.8 million in commissions; $18.2 million in investment for new facilities ($3.9 million in the National Museum of American History, including $1 million of current unamortized buyout; $13.3 million in the National Air and Space Museum; and $1 million in the National Museum of Natural History), and $4.4 million in capital reinvestments. A summary of the investment, by museum facility, and a schedule of commissions are included under Pro Forma Financial Assumptions (Part 5 of this document).

We realize the $18.2 million investment commitment is in excess of the Smithsonian Institution bid specification requirements. However, we feel this amount of investment is required in order to bring the foodservice facilities up to the Smithsonian tradition and standards. This investment in facilities will greatly improve service, sanitation, and our ability to attract and serve more visitors.

Marriott-LeRoy anticipates increased visitor traffic at the Smithsonian due to the amount of D.C. renewal and new development. Furthermore, we anticipate increased participation in Smithsonian foodservice facilities as a percentage capture rate as well as an increased number of visitors. Increased participation will depend on the innovativeness, quality and projected image of the foodservice facilities. Marriott-LeRoy has taken an aggressive stance to dramatically change a presently institutionalized foodservice operation into a vibrant part of each museum's own personality. We agree that the Museum's food services should be an extension of the entire museum.

To Marriott-LeRoy this is where the great opportunity exists. Through creative, but functional design each museum foodservice facility will become a spectacle in itself and a "must visit" spot on the visitor's agenda. This increased participation will generate greater sales and commissions.

We wish to point out that we have taken a heavy investment posture due to comments from Smithsonian officials saying that quality service is more important than commissions; and we agree. If, however, Marriott-LeRoy has misread or overreacted to the quality improvement concerns, and indeed short-term commissions are of equal or greater importance to the Smithsonian Institution, additional commissions would be available with reduced investment. At the same time we wish to go on record saying that the Marriott-LeRoy recommendation is concept design, facility improvements, and quality service upgrading as opposed to short-term commissions.

At the conclusion of contract negotiations, the Marriott-LeRoy board reserves rights of approval for the final contractual terms.

COOPER-HEWITT MUSEUM RENOVATION

Senator McClure. The Board of Regents has authorized a major fundraising campaign to expand and renovate the Cooper-Hewitt Museum at an estimated cost of $23 million. This museum was acquired in the 1960's without congressional authorization. Subsequently questions were raised by this subcommittee about the propriety of the Smithsonian's undertaking the operation of a new museum which would require Federal support lacking congressional approval.

Quoting from a General Accounting Office report issued March 31, 1977:

> At the time the agreement was signed (between the Smithsonian and the Cooper Union) the Smithsonian's stated policy was that the museum would be supported by the community of interests which it served in New York and elsewhere. The direct and indirect costs to the Smithsonian would be kept to the minimum necessary to maintain administrative control and policy direction of the museum's future course.

In 1972 the Andrew Carnegie Mansion and the adjoining Miller House were given to the Smithsonian and it is in these facilities that the Cooper-Hewitt Museum is currently located. Renovation of the Carnegie Mansion was funded with trust resources and more than half of the Cooper-Hewitt operating budget is still derived from trust funds.

Since the spring of 1982 plans have been underway for the construction project. An architectural firm was hired and professional fundraisers have been retained. It was not until the September 1984 board meeting that the regents decided to seek Federal funding as opposed to raising all of the funds privately. Now it is felt that private funding of the project through the fundraising program now underway will be prejudiced irreversibly if there is not a timely indication of Federal support.

Secretary Adams, I might choose to rephrase that last sentence. Precipitious action by the Smithsonian, first in obtaining the museum and now in launching a fundraising drive for major expansion and renovation, may irreversibly prejudice any attempt by the Congress to view this project in an unbaised manner.

The terms of the Carnegie gift allow the Smithsonian to sell the property if it becomes necessary, at which time the Smithsonian would be reimbursed for all renovation work done to date.

Rather than promising Federal support, why not use the threat of having to divest the Smithsonian of this property should the New York community not provide sufficient support for the renovation?

COOPER-HEWITT MUSEUM AUTHORIZATION

Mr. Adams. You raise a number of complex issues, Mr. Chairman. Let me respond in a very general way and then I would like to call on Mr. Dean Anderson, who I think is more familiar with some of these details.

Obviously I was not involved in the process by which the Cooper-Hewitt came to the Smithsonian. I think like a lot of other activities in which the Smithsonian has been engaged there were changes in the concept throughout the time that something went forward and there were also changes in matters of funding during all of this period.

I might point out that there was never any specific authorization sought at the time that the Natural History Museum was built. The process of seeking specific authorizations is one that has become steadily more common, and looking at things from the perspective of 1985, I can't imagine that one would have taken on the Cooper-Hewitt Museum without having had such an authorization. It is another question what the perspective would have been in the late 1960's when this was done.

I don't think that the initial action, nor for that matter even the statement of the GAO about the initial concept, covers what has evolved since in the sense that Federal appropriations have been offered for many of the services carried on in the Cooper-Hewitt Museum. Those have continued through the years. I think there is something that has evolved that is rather different than the initial GAO statement.

ACCREDITATION

I think there are two other general statements I would like to make and then I would like to call for supplementation from Mr. Anderson.

The first is that the Cooper-Hewitt Museum is, in our view, the national museum or design. It contains collections of great importance to the Nation in the field of design: building design, architectural design, furniture design, textile design. It is a working museum which serves a very important purpose for people in these fields and which, if we didn't own it, would have to find another owner. It is not something to be bartered away or cast into discard; it is something which we regard as very important to our own sense of what the Smithsonian is all about.

Second, it is badly in need of the kinds of improvements that are anticipated within the framework of the funds which we are seeking. It cannot receive accreditation from the American Association of Museums in its present form. It is an inferior installation as a museum that needs this kind of money in order to meet minimal standards of museum operation.

FUNDRAISING

I have personally been involved in discussions with the fundraising committee of the Cooper-Hewitt Museum and have convinced myself, as indeed our professional fundraisers have become convinced, that if the impression were to circulate that the Smithsonian regarded the Cooper-Hewitt Museum as sort of a hostage to fortune to be bargained away, the chances of raising this money, or raising any of it from the private sector of New York, would practically disappear. It is only a sense of responsibility for a national museum of design that I think creates the possibility of this being put together.

Senator McClure. I think it can be argued on the other side almost as forcefully and perhaps more persuasively from our standpoint that the more the Federal Government is willing to pour into it the less the private sector will, because they don't have to in order to maintain it if the taxpayers will pick up the slack.

Isn't it fair to say that so far as support of museums is concerned New York City is a far more fertile area to raise private and corporate support than any other city in the Nation?

Mr. ADAMS. It probably is true, Mr. Chairman, in some sense. But on the other hand, I have been following with great interest the news columns and editorials from New York newspapers currently over the very sad state of affairs of the Museum of the American Indian there, which is clearly on hard times and has been for a great many years. One can think of several other museums that I won't mention which are well known to any of those in the museum world that are in serious trouble in New York.

The claims on people of wealth in New York for the support of museums are also greater. I think one has to see that as a potentially fertile field for fundraising, yes, but also as a place where there are many conflicting claims for those funds.

RESTORATION AND RENOVATION PROJECTS

Senator McCLURE. The "Restoration and renovation" account lists projects in excess of $3 million scheduled for Cooper-Hewitt over the next several years. Are these in excess of the $23 million project, or will they be cancelled if the major project proceeds?

Mr. ANDERSON. I might speak to that briefly, Mr. Chairman, but I think Tom Peyton, Director of our Office of Facilities Services, might have more detail. In fact, I might simply yield to him at the outset.

Mr. PEYTON. Mr. Chairman, with respect to the proposed projects, several of those projects are redundant. We would propose to put them on hold and if the $23 million project becomes authorized, at that point we would cancel them. None of the proposed projects are in the budget year currently under consideration.

Senator McCLURE. Could we have a listing of which ones are redundant?

Mr. PEYTON. Yes, sir.

Senator McCLURE. If you would provide that for the record, please.

Mr. PEYTON. Yes, sir.

Mr. ADAMS. Mr. Chairman, I should point out that we are not seeking an appropriation for this purpose in the current year. My discussions with the committee that is willing to assume responsibility for the fundraising campaign in New York led me to understand that they needed some earnest Smithsonian interest and interest in Washington in the maintenance of those collections, and the authorization was that evidence of interest that they were seeking.

Senator McCLURE. I agree that there is no money now, just a promise for the future.

Mr. ADAMS. The question of the appropriation is one in which I would expect many of these same issues to come out again.

[The information follows:]

R&R projects at the Cooper-Hewitt Museum

Project Fiscal year:	Estimate
1987—Emergency generator	$45,000
1987—Utility systems study, Miller House	35,000
1989—Elevator improvements, Miller House	10,000
1989—Disabled access, mansion ramp	10,000

FREER EXPANSION AND RENOVATION

Senator McCLURE. The Smithsonian seeks a total of $7 million for fiscal years 1986 and 1987 for expansion and renovation of the Freer Gallery of Art. Mr. Secretary, part of the initial justification for construction of the quadrangle was to provide expansion of programs for the Freer Gallery of Art. Will the quadrangle still fulfill that purpose?

Mr. ADAMS. I think I will ask Mr. Anderson to respond to that.

Mr. ANDERSON. Yes, indeed, Mr. Chairman. There are a number of things that the quadrangle would do, specifically the Sackler Gallery of Art, to the benefit of the programs of the Freer: expanded opportunities for research, additional space for visiting scholars, improved opportunities for conservation of the joint collections.

About the only thing that the Sackler portion of the quadrangle will not do for the Freer is provide additional storage space for Freer collections per se, or additional exhibition space for those same Freer collections, because under terms of the will they may not leave the building.

Senator McCLURE. The justifications routinely provide 5-year planning estimates for renovation and construction projects. Neither the fiscal 1983 or 1984 justifications made any mention of major Freer Gallery construction. The fiscal year 1985 justification identified $2 million to be sought this year for design and construction and indicated that would be the total cost of the project through fiscal year 1989.

The original project was to convert 24,000 square feet of basement space to provide additional space for exhibitions, conservation, and collection storage. The expanded scope of the project seeks to excavate two-thirds of the courtyard and construct two stories underground which would provide 8,000 square feet at a cost of $5 million.

Additionally, approximately $4.6 million will be requested in the "Salaries and expense" account to provide furnishings for the renovated and newly constructed space.

So what appeared last year to be a $2 million project will now cost $11.6 million. By our calculations, the renovated space will cost about $83 a square foot, while the newly constructed space would cost $625 a square foot. What changes in the current proposal would the Smithsonian make if we were to approve just the renovation of the basement, which would save us $7.3 million over a couple of years?

Mr. ANDERSON. We have been looking at the Freer Gallery of Art for a number of years. I think it was back in the late 1950's, in fact, that the first study was conducted to see how we might expand the space available for the Freer collection.

In 1981 the 5-year plan that the Institution published at that time spoke to the possibility of enclosing the courtyard of the Freer from above. We subsequently conducted some engineering studies of the feasibility of doing that and discovered that the cost would be prohibitive for the amount of space it would capture. The interior walls of the courtyard are not load-bearing walls, and there would have to be a significant amount of engineering work done.

Subsequently, in our fiscal year 1984 5-year plan, having done additional studies and by that time the quadrangle having been laid out in its design, we concluded that excavating the remaining two-thirds of the dirt under the courtyard, providing two levels of space, would be a much more cost-effective way of proceeding to capture the kind of collection storage space that we have been seeking for the Freer for a long time.

THE FREER-SACKLER LINK

Mr. ADAMS. Senator McClure, if I can break in here with an additional and more general answer. Candor compels me to say there have to be two parts to our answer. It would be a disaster if there were no tunnel, no link between the Freer Gallery and the new Sackler collection. These are both major collections in the same area; they depend upon the same staff in large part; the library, the conservation facilities require movement back and forth between those two. Not to speak of the fact that the same visitors who go to one will certainly be interested in the other set of collections. The absence of that part of this funding which would provide for a useful link between those two buildings would be incredibly foolish, in my judgment.

The question of the excavation of the remainder of the courtyard and the additional storage and exhibit space that we would get from this process is one where we are seeking to take advantage of an opportunity that is a one-time opportunity and that will exist at the time that this link is put into construction. It is not, however, a matter that would have such dire consequences for us if it didn't go forward.

Senator MCCLURE. It appears to me that, yes, the opportunity is there and it is less costly to do it now than it would be at any other time, but it is still extremely costly space, is it not?

Mr. ADAMS. I guess that would have to be said. It is deep excavation under an existing building.

Senator MCCLURE. That additional space costs you about nine times as much as the other space you are getting on a square-foot basis; is that not correct?

Mr. ADAMS. Maybe we could call on Mr. Peyton.

Mr. PEYTON. I'm not sure that that is a fair comparison. Perhaps a closer one would be of the construction of the quadrangle itself, which is roughly around $200 a square foot.

Senator MCCLURE. So then it is only three times as much as the quadrangle.

Mr. PEYTON. Yes, sir.

Senator MCCLURE. That still doesn't sound like much of bargain.

Mr. PEYTON. It is all related to need and opportunity.

Senator MCCLURE. I remember when they were talking about needing to feed the visitors to the Capitol and they were talking about excavating the west front of the Capitol to put restaurants underneath the terraces out there. It would be the most expensive restaurant space in the world. Congress could not find it in its heart to do that to the taxpayers of this country. I'm not sure that your opportunity assessment is very accurate.

Mr. PEYTON. I would point out that this need relates to the basic programmatic functions of the museums.

Senator MCCLURE. Those are nice words, but it is still three times as costly as the other space you have, which is admittedly high cost space already. You could do almost anything else anywhere else at far less money, at far less expense; isn't that correct?

TERMS OF THE FREER WILL

Mr. ANDERSON. If I might, Mr. Chairman, for many, if not all of our other bureaus, that would be absolutely true. The terms of the Freer will stipulate that objects may not leave the building, and there are precious few ways that one can capture additional space in that historic landmark structure.

Senator MCCLURE. Just stop buying new objects for it then. Buy them for something else or put them in another building to start with. What you are telling me is you have got a one-way door. You can take things in but you can't take things out.

Mr. ANDERSON. We can take them in in a very measured way, Mr. Chairman.

Senator MCCLURE. Once they are in there you're stuck, you can't ever take them out again. What you are telling us is that you desire to take things in there even though it forces you into very uneconomic expenditures to house them there afterwards.

Mr. ADAMS. But there is more going in, Mr. Chairman, than simply objects that become part of those collections. The conservation facilities need to be integrated for these two collections. Objects can come in from the Sackler collection and be treated in those conservation laboratories and go back out again.

Senator MCCLURE. But you can't take them out someplace else for conservation.

Mr. ADAMS. We can't take material from the museum out into the Sackler collection.

Mr. Chairman, it may be that we should hear from Mr. Tom Lawton who directs the Freer Museum and get his own views, if you are willing, as a matter of this record on what the importance is of the additional space.

Mr. LAWTON. Mr. Chairman, in accepting the gift from Mr. Freer the Smithsonian acquired a museum which Mr. Freer paid for; they acquired a collection which is one of the finest collections of oriental art in the world and an endowment on which we have lived for more than 60 years.

I think after having received this extraordinary bequest if we were for means of expediency to overturn the terms of that bequest we would place ourselves in a very awkward situation in dealing with our new donor, Dr. Sackler, or indeed any donors who might consider becoming involved with these new museums. They might feel that in due course similar changes would be made in the bequests that they made in a very serious manner. So I think the suggestion that we might change the operation of the Freer will in a very basic way is not a well founded one.

Senator McClure. I don't understand that the additional space is essential to the original collection or the original will.

Mr. Lawton. We continue to acquire objects from the income from the Freer bequest.

Senator McClure. And those are subject to the same terms: They can go in the building but you can't let them leave.

Mr. Lawton. That's true.

Senator McClure. Can you use the proceeds of the will to provide the facilities that are necessary to maintain them?

Mr. Lawton. We do. Some of the income from the bequest is used in part for the maintenance.

Senator McClure. How about this $625 a square foot space?

Mr. Lawton. Even that would strain the income from the Freer bequest.

Senator McClure. Well, we've got a $200 billion deficit. It isn't straining our income. Every dime we spend we're borrowing, in effect, on discretionary expenditures.

Mr. Lawton. I simply think you can't separate the Freer from the Sackler. They are one entity. Admittedly they will always be regarded as the Freer Gallery and as the Sackler Gallery, but for our purposes and for the operation of these museums they are one, and we simply have to have the ability to move back and forth with the objects and with people through the tunnel that we have been discussing.

FREER ACTIVITIES IN QUADRANGLE

Senator McClure. What Freer activities were planned to be moved to the quadrangle, and has the scope of these activities changed over the past 4 or 5 years?

Mr. Lawton. The scope has not changed, Mr. Chairman. We would be moving all of our administrative personnel, all of our curatorial personnel, our library, our archival activity, our photography staff. What would remain in a more expanded role in the Freer Gallery is the conservation, which is internationally famous and very specialized because of the nature of our collections.

QUADRANGLE CONSTRUCTION SCHEDULE

Senator McClure. None of the work scheduled for the Freer is to be initiated until the quadrangle is ready for occupancy. The quadrangle project is currently about 2 months behind schedule and it will take some time to move Freer staff to the new building. Realistically, at what point do you foresee the beginning of the basement renovation project?

Mr. Peyton. We expect to award the contract in the spring of 1986 and give the contractor notice to proceed at the end of July 1986.

Senator McClure. Will the quadrangle be done by the end of March of next year?

Mr. Peyton. The construction of the building will be complete. There will be portions of the building that will be occupied. There will be portions of the building that we will have just received and are still checking out the air-conditioning and mechanical equipment.

QUADRANGLE SPACE FOR FREER PERSONNEL

Senator McClure. How about the space that will be occupied by the personnel from the Freer Gallery?

Mr. Peyton. The space to be occupied by the Freer personnel will be available for museum occupancy probably at the end of May.

Senator McClure. It will be available by the end of May, and then following that time they will have to move. How long is it going to take for the move to take place?

Mr. Peyton. Between the end of May and the end of July.

Senator McClure. So you think that 60 day period will be enough to get them relocated in the quadrangle?

Mr. Peyton. Yes, sir; the plan would be that they pack and be ready to move prior to the end of May. So subsequent to the end of May there would not be any packing involved but just the actual move itself.

ADDITIONAL COMMITTEE QUESTIONS

Senator McClure. Thank you.

I have a number of other questions which I will submit for response in writing. I appreciate your responses in a prompt manner so we can deal with our budget requests. I appreciate your appearance and testimony here today.

Again, Dr. Adams, you are very welcome before this committee. We wish you good luck and many successful years in your job.

Mr. Adams. Thank you, Mr. Chairman. I am very appreciative of that.

[The following questions were not asked at the hearing but were submitted to the Institution for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

Two Percent Reduction

Question: As part of the budget request, the Smithsonian seeks across the board restoration of the two percent reduction applied to the Interior Appropriations bill last year. I am somewhat concerned by the tone of your justification which seems to imply that because the cut was assessed across the board, we didn't really mean it. According to the justification, the Smithsonian still hasn't recovered from the 4 percent reduction in fiscal year 1982. I would submit that the Smithsonian should have recovered by making some difficult decisions for long range planning instead of relying on annual increases.

Mr. Secretary, I don't know if you have had the opportunity to review the budget figures for the other 29 bureaus and agencies which are funded by this bill, but I have and the news in grim. Only three accounts -- yours, the National Gallery of Art and the Wilson Center have presented Congress with requested increases. The total increases for the other two amount to less than $500,000 while the Smithsonian requests $3.1 million to restore the across-the-board cut, and does not count it as a program increase, we may, indeed, say that it is a program increase and require more justification than has been provided. As some of the reductions amount to less than $5,000 for an activity, it would seem that some absorption of the reduction is possible. Will you please ask your staff to review this matter and develop a priority list as to where the funds are most needed.

Answer: The two percent across-the-board reduction is having a detrimental effect on virtually all Smithsonian programs. In general, the effect in FY 1985 of this reduction in the Salaries and Expenses account is to cause deferrals of planned programs. The continuation of this reduction into FY 1986 would cause serious and permanent disruption to previously budgeted programs. The following list explains the relative importance of the two percent restoration by line-item within each major activity.

SCIENCE

Ranking	Bureau	Item/Amount	Rationale for Priority
1.	National Zoological Park	$40,000 Salary and Benefits	In FY 1985 to accommodate the two percent budget cut, the Zoo delayed filling a number of positions. Next year, in order to fully support newly constructed facilities, such as the Veterinary Hospital at Front Royal (opening summer 1985), the Zoo will need to establish two Animal Keeper positions that rely on funds which were struck. This restoration is necessary for the continued operation of the collection management program at the Zoo, for the health of the collections under Zoo care.
2.	Smithsonian Tropical Research Institute	$25,000 Computer Specialist	Since 1981, a local consulting firm, BYTE S.A., has been responsible for installing, customizing and maintaining an administrative program which has not yet been completed, due mainly to the fact that STRI does not have in-house computer expertise. The scientific functions are also in great need of a Programmer/Analyst, as was recommended by an independent consultant, COMPUTER SOLUTIONS INTERNATIONAL. This critical hire has been delayed due to the two percent reduction. STRI is planning to terminate its association with BYTE, S.A. by September, 1985, and a Computer Specialist must be on board by then to assure the continued delivery of critical scientific and administrative data.

Ranking	Bureau	Item/Amount	Rationale for Priority
3.	National Museum of Natural History	$196,000 Equipment	The cuts incurred in FY 1985 slowed NMNH's efforts to: replace obsolete scientific equipment; purchase new state-of-the-art multi-user instrumentation; and severely limited the Museum's ability to provide much needed computer equipment for staff and adequate storage equipment for the museum collections. Restoration of these monies will allow critical research programs to continue, and proper care to be given to the national collections.
4.	Smithsonian Environmental Research Center	$39,000 Equipment	Due to the FY 1985 two percent reduction, equipment funds are substantially below the FY 1984 level. This will: a) limit the scope and accuracy in scientific investigations which state-of-the-art equipment would have provided (for example, before any significant research on bio-engineering can be initiated, sophisticated scientific equipment must be obtained); b) increase the time and effort required to accomplish data acquisition (much of the available state-of-the-art equipment comes with direct interface compatibility thus freeing work hours for more productive use), and; c) adversely affect the Center's equipment replacement program by delaying the purchase of much needed equipment, thus making it compete with future needs.
5.	National Zoological Park	$90,000 Equipment Purchase	In FY 1985 the Zoo reduced equipment purchases by $80,000. The items cut included health and medical equipment; scientific equipment; and vehicles. To insure the health and safety of the collection and to support the mission of the Zoo it is vital that the funds be restored in FY 1986. The equipment cut in FY 1985 included sterilizer, autoclave; incubator; microscopes and three vehicles.
6.	National Air and Space Museum	$40,000 Exhibits & A/V Equipment Replacement	The exhibits within NASM rely heavily on the use of many types of audio-visuals. The use of this equipment adds interest and educational value to exhibits. Over the past nine years this equipment has undergone an enormous amount of wear and tear due to the length of service and high visitor attendance. Much of the exhibitions' audio visual equipment is in desperate need of replacement. The Museum is only able to afford to fix and patch the equipment for short-term operation. The $40,000 reinstatement is crucial to the continuance of audio-visual presentations throughout the Museum.

Ranking	Bureau	Item/Amount	Rationale for Priority
7.	National Museum of Natural History	$155,000 Publication Support	The results of the research by the staff of the National Museum of Natural History are made available to the scientific community by means of publications. Currently, the SI Press has manuscripts to be published in the SI Contribution Series, which will be ready to go to GPO in FY 1985 with publication costs totalling $247,000. In addition, there are other manuscripts in the mill that will be ready to go to the GPO before September 30, 1985. If no relief is provided in FY 1985, FY 1986 will start with a publications backlog of at least ten major scientific contributions, with unfunded new publications already and always in the immediate background. In addition, support for reprint costs and page charges for articles published in private journals is expected to fall short in FY 1985.
8.	National Air and Space Museum	$40,000 Building Maintenance	Due to extremely high visitor attendance, the Museum requires an extraordinary amount of daily maintenance. Additional equipment, materials and supplies must, therefore, be purchased to keep the building in good repair for visitors. The budget reduction has forced a delay in the purchase of replacement carpet, vacuum cleaners and other building maintenance items.
9.	Smithsonian Tropical Research	$39,000 Maintenance Programs	Approximately 90 percent of the funds for Supplies and Materials and Other Services have been spent in FY 1985, though only half of the fiscal year has elapsed. The extreme climatic conditions in the tropics have a great effect on STRI's maintenance programs (cars, boats, buildings, etc.). In addition, most parts and materials are bought locally, generally at higher prices than those in the U.S. Ordering from the States would place an additional burden on STRI's maintenance program, i.e. having to wait several months for delivery. Over the years, STRI has obtained much of its maintenance equipment and tools through military surplus. This equipment, in most cases, is over eight years old and obsolete, making it difficult to obtain spare parts. The vehicle used to transport visiting scientists to the immigration and collecting permit office to obtain their visas, permissions, etc. is beyond economical repair for reliable and safe service. It needs to be replaced immediately, and is one of the priorities sacrificed to the two percent cut.

Ranking	Bureau	Item/Amount	Rationale for Priority
10.	Smithsonian Astrophysical Observatory	$75,000 New type of detector array for use on Optical/Infrared Telescope	Lack of funding prevents SAO from taking advantage of new technology which holds high promise of yielding new data on the large-scale structure of the universe, important to an understanding of how the universe evolved after the "Big Bang" to form galaxies.
		$30,000 Optical Interferometry	Deferral prevents completion of a novel new optical instrument which would enable a high sensitivity search to be made of our galaxy for other planetary systems.
		$36,000 Position Sensitive Detector Array	Funds are required to study molecular interactions important for understanding how molecules formed in space, and, eventually, led to organic precursors of life.
		$30,000 High-Resolution X-Ray detector development	Deferral prevents analysis of data from X-Ray detectors being developed to carry out detailed studies of the energetic nuclei of galaxies and quasars.
11.	National Air and Space Museum	$25,000 Research	The Staff of NASM is currently performing research in many different areas. Due to the budget reduction there has been a decrease in funding support for various research projects. The Oral History, Space Telescope and History of Aviation projects have all had to reduce the number of outside contracts necessary to support their research. This has meant that these projects must be handled entirely by the Museum staff who also must handle simultaneously their other Museum duties. These projects will, thus, take longer to complete. A number of these projects are linked to other outside projects, such as the launch of the Space Telescope, and must be completed on time. It is, therefore, imperative that NASM regain the reduced funding to complete these research projects on schedule.
12.	National Zoological Park	$40,000 Animal Food	In FY 1986 the Zoo will need to restore $40,000 which was cut from the animal support budget. Due to the fluctuation of food prices, the collection and care and collection management programs can not long survive without the restoration of all funds cut in FY 1985.
13.	National Air and Space Museum	$41,000 Collections Management	NASM's extensive collections management program has suffered greatly from the budget reduction. Plans for expanding the inventory system to tie the Mall Museum to the Garber facility have had to be delayed. A planned computerized inventory system for the Facility will require the reinstatement of the two percent budget reduction before it can be implemented. In addition, the start of the spacecraft restoration program, which requires additional expertise and tools has had to be postponed.

Ranking	Bureau	Item/Amount	Rationale for Priority
14.	Smithsonian Environmental Research Center	$30,000 Supplies	Due to the two percent overall reduction, funding for supplies has been reduced below the FY 1984 level. With a projected inflation rate of five - six percent, a shortage in the availability of supplies will uniformly restrict the Center's research effort. Moreover, a serious shortfall in the Center's inventory of chemicals would cause the greatest hardship, since in many cases these form the basis of SERC's research.
15.	National Zoological Park	$25,000 Expendable Supplies	Restoration of funds will enable the Zoo to take full advantage of volume discounts. The two percent cut forced the Zoo to reduce its shelf stock to a two-week supply. The restoration of the fund would allow a return to the regular four week shelf stock and insure that all Zoo programs progress without delay.
16	National Museum of Natural History	$44,000 Services	The cost of contractual services has skyrocketed. The two percent cut has caused delays in hiring consultants to provide critical computer systems support for registration, inventory, management and scientific computing. It has caused equally disruptive delays in the reconstruction/refiguration of space for staff changes, and for collection, computer equipment, and laboratory needs.
17.	International Environmental Science Program	$11,000 Data Reduction and Analysis Analysis	Over the past ten years, monitoring at all IESP sites has resulted in the accumulation of several hundred crucial data sets. These data must be reduced and analyzed in order to finish critical manuscripts, and to distribute this information to the general scientific community which utilizes this data for research efforts, and to host foreign governments which depend on these data for management decisions.
18.	Smithsonian Tropical Research Institute	$7,000 Travel	Travel is a basic tool of STRI's research efforts. Comparative studies between different climatic and zoographic regions are of extraordinary importance in biological research. It is critical that STRI's research staff, which is situated abroad, make regular visits to meetings, seminars, conferences, congresses, etc., in order to sustain their professional contacts and competence.
19.	Office of Assistant Secretary Science	$3,000 Travel	The demands and complexities of administering a research complex located over 4,000 miles away in a foreign country, require occasional trips to review programmatic and administrative matters. As the principal liaison for STRI in Washington, it is crucial that travel funding be restored to the Office of the Assistant Secretary for Science to properly represent the concerns of the bureau.
20.	National Zoological Park	$30,000 Acquisition Funds	In order to accommodate the FY 1985 budget reduction, NZP cut all federal animal acquisition funds. The Zoo can not long operate without an adequate animal purchase fund. For this reason, the restoration of the $30,000 is vital to the collection management and exhibition program of the National Zoological Park.

Ranking	Bureau	Item/Amount	Rationale for Priority
21.	International Environmental Science Program	$3,000 Printing	These funds are necessary to print reports and to provide results in a timely fashion to interested parties.
22.	National Museum of Natural History	$15,000 Transportation of Things	The National Museum of Natural History cannot operate without the ability to ship items on a timely basis. Shipping funds are especially critical to getting scientific supplies and equipment into the field when required, and bringing specimens collected by scientists and others to the Museum. The Museum's highly selective acquisition policy will be damaged by the decreased ability to safely and expeditiously transport objects. There is an anticipated shortfall in FY 1985 of at least $15,000.
23.	Office of Assistant Secretary Science	$8,000 Establish Data Base System	With direct responsibility for over $2 million in research funding for institutional scholars, and for oversight of science bureau activities, there exists a priority need to automate all expenditures across various program lines to properly monitor and analyze research expenses. An automated system will increase personnel efficiency by eliminating the previously used manual systems.
24.	Office of Fellowships and Grants	$8,000 Typesetting and Printing of S.I. Opportunities for Research and Study	The two percent reduction in the FY 1985 base will not permit the publication of the booklet entitled Smithsonian Opportunities for Research and Study. This publication is revised biennially and continues to be the Institution's only comprehensive guide to its scholarly programs and staff. It is absolutely essential to the preparation of all fellowship applications as well as to all visiting scholars' enquiries. In addition, it serves the SI community as an instrument for explaining its research interests and capabilities. Several years ago, distribution lists were carefully examined and the number of volumes distributed was reduced in an effort to cut back on costs. The number now printed is at an absolute minimum.
25.	National Air and Space Museum	$20,000 Public Orientation and Education	NASM's education program provides free brochures and pamphlets to schools and individuals on many subjects. The budget reduction has prevented the updating, reprinting and printing of new educational materials and has reduced the amount of such material available to the public, despite an ever increasing demand.

Subtotal, Science $1,145

HISTORY AND ART

Ranking	Bureau	Item/Amount	Rationale for Priority
1.	Museum of African Art	$10,000 New Hires	Lack of funding and the resultant hiring deferral delays preparation of 3 inaugural exhibitions scheduled to open in FY 1987.
2.	Center for Asian Art	$32,000 New Hires and public programs for FGA	The two percent budget reduction has delayed the filling of positions authorized by Congress in FY 1985 for the Sackler Gallery. Also, the cut had led the Freer Gallery to eliminate the distribution of free brochures to the public and to reduce its exhibition program.
3.	Hirshhorn Museum & Sculpture Garden	$60,000 Accessioning Bequests; Hire of Chief Conservator	The Museum has been advised that the 6,000 objects in the Bequest are due to arrive in the latter part of FY 1985. A chief conservator will be of utmost importance in processing and accessioning these objects into the permanent collection.
4.	National Museum of American History	$185,000 Collections Storage; MSC Move; areas maintenance	The two percent cut has made it difficult to care for the collections due to decreased funding of: MSC "move" projects; security in collections storage areas; and automation. This reduction has also caused delays in the inventory refinement of objects undergoing cleaning, a project that had already been deferred due to asbestos and a deterioration in the maintenance of public areas.
5.	National Museum of American Art	$25,000 GS-9 Data Clerk	In FY 1985, NMAA received a sum of $25,000 to hire a data clerk to work on standardizing bibliographic information in the Museum's art data bases; the two percent funding cut eliminated the Museum's ability to support this position. Restoration of the two percent cut in FY 1986 would permit hiring for this position.
6	National Museum of African Art	$10,000 Contract Photography for Union Catalogue	The Union Catalogue project began with a Congressional increase received in FY 1984 and was scheduled for completion in FY 1985. Due to the 2 percent cut, photography work was deferred, resulting in a delay in the placement of basic collections in the formation of the catalogue.
7.	National Portrait Gallery	$20,000 Collection Storage Equipment & Conservation Supplies	The National Portrait Gallery drawings collection remains in special need of rehousing in a secure, properly equipped and monitored area. These funds are necessary to carry out this endeavor and to purchase much needed supplies and materials.
8.	Cooper-Hewitt Museum	$18,000 Janitorial supplies, woodshop equipment	This need is particularly critical as the New York location of the Museum prevents it from being able to take advantage of the Smithsonian Institution central management facilities services.
9.	National Museum of American Art	$9,080 GS-9 Object Conservator	NMAA's permanent collection of 32,000 objects grows at the rate of 1,000 new works a year. The preservation and restoration of American art works is an important function of the Museum, and has been hindered by the lack of funding stemming from the two percent cut.
10.	National Portrait Gallery	$9,000 Building Management Services	Trash removal, pest control and uniform cleaning services have been diminished as a result of the funding cut.

Ranking	Bureau	Item/Amount	Rationale for Priority
11.	National Museum of African Art	$5,000 Teaching Guides and lectures	Teaching guides used in conjunction with the "African Masterpieces" exhibition have had to be curtailed and the lecture series being conducted in conjunction with the exhibition, "Igbo Arts: Community and Cosmos", has been cancelled.
12.	National Museum of American Art	$8,500 Free Brochures	The brochures are distributed to the general public as part of the Museum's efforts to improve the public's awareness of its programs and activities. Without funding this will have to end.
13.	National Portrait Gallery	$14,000 Orientation posters, signs, banners	The 2 percent reduction resulted in the elimination of orientation posters, signs, and banners, making it difficult for the public to learn about National Portrait Gallery programs and activities.
14.	National Portrait Gallery	$10,000 Brochure and checklist	The reprinting of brochures distributed free to the general public and of the Checklist of the collections, which is an invaluable reference guide to the permanent collections, have had to be deferred due to the 2 percent reduction.
15.	National Museum of American Art	$42,020 Public Programs	The two percent cut has caused the cancellation of two exhibitions, two symposiums and four lectures.
16.	National Museum of American History	$40,000 Public Programs	Funding uncertainties have prevented the Museum from making final commitments for any unannounced programs.
17.	National Portrait	$14,000 new carpet, clean and maintain existing carpet.	Worn carpet in the public areas of the Gallery requires replacement and NPG needs to purchase adequate supplies to clean the existing carpet.
18.	National Museum of American Art	$8,400 Extend hrs of Tour Scheduler	Despite an increase in the number of requests for Docent-led tours from public schools and from the general public, the services of this key employee cannot be extended due to the reduction.
19.	Archives of American Art	$15,000 Hire Arch. Technician, purchase supplies	Although it was possible to offset the effect of the 2 percent reduction by deferring the filling of a vacancy for an Archives Technician, an indefinite postponement of hiring for this position would have an effect on the Archives' research services and collections management activities.
20.	Anacostia Neighborhood Museum	$17,000 Furnishings for new building	The annex is scheduled for completion by April, 1987, and furniture must be installed prior to that time.
21.	Immediate Office	$9,000 Restore part time position to full time in JHP, supplies & equipment	The loss of a full-time position resulted in slowing progress on the Joseph Henry Papers project.

Ranking	Bureau	Item/Amount	Rationale for Priority
22.	Office of American Studies	$2,000 Base Deficiency	Deficiency in the salaries and benefits of the Director and a secretary must be funded.

Subtotal, History and Art $ 563,000

PUBLIC SERVICE

Ranking	Bureau	Item/Amount	Rationale for Priority
1.	SI Press	$22,000 Other Objects	Reduction to this unit's allotment has eliminated basic printing funds used, most notably, for the production of the American Historical Association Annual Report and for the purchase of specialized printing equipment.
2.	Folklife Programs	$12,000 Other Objects	Reduction severely hampers unit's ability to plan for and carry out the annual Festival on the Mall.
3.	Elementary and Secondary Education	$6,000 Other Objects	Cut-back directly affects the office's major communicative tool for sharing the programs of the Institution with local schools.
4.	Public Affairs	$12,000 Other Objects	At the heart of this office is its need to inform in a most timely manner those inside SI, the public, and various news services. The equipment eliminated by this reduction adversely affects the Office of Telecommunications' means to carry out this task.
5.	Visitor Information and Assoc. Reception Center	$3,000 Other Objects	This office operates a substantial, essential, visible and varied component of the Smithsonian Institution. Cut-backs in its meager funding affects the level and quality of services to the visiting public.
6.	Telecommunications	$4,000 Other Objects	Some slippage in services can be geared to the willingness of those units served to subsidize the Office of Telecommunications services from their own federal resources.
7.	Assistant Secty. for Public Service	$5,000 Other Objects	Specialized studies and services, as well as other object expenses have been eliminated by the funding reduction.
8.	Symposia and Seminars	$1,000 Other Objects	The Office lacks adequate other objects funding and this reduction would essentially eliminate its flexibility.

Total. Public Service $65,000

MUSEUM PROGRAMS

Ranking	Bureau	Item/Amount	Rationale for Priority
1.	Libraries	$86,000 Book and Journal Budget	Reducing funds to purchase books and journals places the SI Libraries farther behind in its attempt to become an adequate research library.
2.	Conservation Analytical Lab.	$36,000 Scientific Equipment Purchase	Reduction disrupts a phased and orderly approach to the replacement of worn out and/or obsolete scientific equipment essential to the effective functioning of the conservation laboratory.
3.	Office of Exhibits Central	$30,000 Exhibition Supplies & Equipment purchase	Lack of funding reduces inventories of supplies and equipment necessary to design exhibitions. This prevents the office from responding in as timely and effective a manner as should be the case. This may also cause the Office to have to contract greater amounts of exhibition design, which is by far a more expensive proposition than in-house development.
4.	OMP	$7,000 Other Services for A/V Production	The Office is a labor intensive organization which has very limited amounts of other objects funding. Lack of funding will delay the production of any audio-visual program since no outside editing will be available.
5.	Archives	$10,000 Microfilm Supplies	The two percent cut delays the microfilming of the fragile and deteriorating records of the SI Archives. This exposes these documents to the threat of further deterioration which would prove to be irreversible.
6.	SITES	$6,000 Shipping Costs	This funding is necessary to support the cost of shipping exhibitions to their first stop.
7.	Horticulture	$25,000 Preventive Maint. of Equipment	This delays until 1986 the ongoing program of preventive maintenance of Horticultural equipment, resulting in increased equipment deterioration.
8.	South Group Bldg.Mgt.	$20,000 Building Supplies	Funding is required for the cleaning and maintenance of the Arts and Industries Building and of the SI Castle.
9.	National Museum Act	$16,000 Additional Grants	The two percent reduction eliminates the possibility of awarding up to three additional grants for critical projects in conservation within the museum profession.
10.	Office of A/S Museum Programs	$7,000 Office Automation	Funding would enable the use of emerging technologies which will make this office more efficient and productive through the use of automation equipment.
11.	Office of Registrar	$2,000 Maint. of Office Equipment	This delays maintenance of automated office equipment in the Office of the Registrar, and adversely affects the productivity of that Office.

Subtotal, Museum Programs $ 245,000

ADMINISTRATION

Ranking	Bureau	Item/Amount	Rationale for Priority
1.	Accounting and Financial Services	$22,000 ADP Applications	Giving this top priority is consistent with the emphasis on automation in the FY 1986 budget. Funds may also be needed to help implement new payroll data entry plans. Funds, if appropriated, must be earmarked and used for automation.
2.	Office of Information Resource Management	$37,000 Salaries	Funds are required to meet staffing levels consistent with the planning and implementation of automation efforts. Also, OIRM has a base shortage which losing the two percent would compound.
3.	Office of Personnel Administration	$42,000 Salaries	Funds are required to maintain service and reduce complaints. OPersA also has a base shortage.
4.	Office of General Counsel	$11,000 Office Support	The Office of the General Counsel was able to absorb the two percent reduction in FY 1985 by delaying the hiring of an attorney. The attorney has been hired and the funding shortage must be corrected before the functions of the Office are impaired.
5.	Office of Audits	$8,000 Office Support	Office has base shortage which the two percent reduction compounds.
6.	Office of Supply Services	$20,000 Paper, Repairs & Equipment	If need be, units could reimburse OSS for copy paper so this item is given a lower priority.
7.	Office of Printing & Photo Services	$33,000 Services Supplies & Equipment	Cut if restored would help to sustain videodisc program and replace mural enlarger. Nitrate film project should be largely completed in FY 1986, however, so funds may be available in that account. Thus the lower priority for this item.
8.	Other Units	$50,000	Balance in overall reduction for 13 units in amounts ranging from $1,000 to $9,000 should be correctible, if necessary, in FY 1986 from base resources using SI reprogramming authority.

Subtotal, Administration $223,000

DIRECTORATE OF INTERNATIONAL ACTIVITIES

Ranking	Bureau	Item/Amount	Rationale for Priority
		$6,000 Funding Shortage	Restoration is necessary to alleviate funding shortages in the Office of Service and Protocol and the Office of Publications Exchange.

Total $6,000

Ranking	Bureau	Item/Amount	Rationale for Priority
COLLECTIONS MANAGEMENT/INVENTORY PROGRAM			
		$17,000 Various Inventory Projects	Together with base monies and the proposed increase for FY 1986, restoration of these monies will be used to continue inventory efforts at the National Museum of Natural History, the National Museum of American History and the Cooper-Hewitt Museum, and to initiate inventory procedures in the Archives of American Art.
Total $17,000			
MUSEUM SUPPORT CENTER			
		$97,000 Equipment, Operations and Move	Although the $97,000 represents a relatively small percentage of the funds sought for these purposes in FY 1986, these resources are necessary to adhere to the current move schedule.
Total $97,000			
OFFICE OF PLANT SERVICES			
1.		$557,000 Partially Correct Base Shortage	Consistent with the FY 1986 budget request, it is critical that this funding be restored to provide an adequate base for OPlantS to perform preventive maintenance and repairs to Smithsonian facilities. These monies, together with the increase of $650,000 sought in the FY 1986 budget justification will a) correct a shortage of base funds for essential supplies used extensively by OPlantS in maintaining Smithsonian buildings and in making essential emergency repairs to mechanical and electrical systems throughout the Institution's physical plant; and b) provide full funding for existing staff.
OFFICE OF PROTECTION SERVICES			
2.		$342,000 Partially Correct Base Shortage	Consistent with the FY 1986 budget request, these funds are needed critically to help correct a long-standing base shortage in salaries, and thereby eliminate the need to cover the security deficit through reductions in the security program and the diversion of resources from other bureaus of the Institution.
OFFICE OF DESIGN AND CONSTRUCTION			
Ranking	Bureau	Item/Amount	Rationale for Priority
3.		$41,000 Architectural/ Engineering Contracts	These funds are required to support Architectural/Engineering Contracts in support of the Institution's Restoration and Renovation of Buildings Program.
Subtotal, Facilities Services $940,000			

S.I. GRAND TOTAL. $3,301,000

National Museum of American History

Question: An increase of $108,000 and five temporary positions is requested for the proposed move of objects from the Museum of American History to the Museum Support Center. In part, the justification for this increase states that "No funding, however, has been received for the required survey of collections prior to the move, involving object identification, preparation, inventory and other registrarial tasks." The movement of these objects was originally scheduled to begin in fiscal year 1983 and no additional funds were sought at that time for these tasks. Given the fact that the move is now three years behind schedule, it would seem that the Museum should have had sufficient time to conduct this work with staff at hand during this three year delay. Why hasn't this occurred?

Answer: The Museum has completed a large part of the work, the thoughtful part. The Museum has identified some 70,000 objects that ought to be moved to the MSC for consolidated storage and care. These include musical instruments, textiles, photographic materials including some 10,000 historic glass plates, tool collections, medical history artifacts, radio, television and telegraph equipment, and the like--objects that would most benefit from the extremely stable environmental conditions and high density storage capabilities of the MSC.

For FY 1986, the National Museum of American History requests a position for a registration technician (1 workyear and $26,000) to oversee the movement of objects during the period of the initial move and to control the flow of historical objects in and out of the Museum Support Center in future years. A sum of $7,000 is needed for the purchase of supplies and materials for the preparatory work. In addition, the Museum also requests $75,000 for five temporary museum technicians to assist with the heavy volume of work associated with the initial move.

Question: Since the early 1980's funds have been made available to American History through the Collections Management and Inventory Program and base resources in amounts ranging from $600,000 to over $1 million annually to do much of the work now identified as being associated with the move. Part of the justification during these past years for the Collections Management Program was based on the move to the Support Center. In view of the millions of dollars that have been spent on the inventory, why wasn't that work coordinated with the move so that additional resources are not required for much of the same work now that the move actually seems about to happen?

Answer: The work in question will dovetail very nicely with the baseline inventory. The $108,000 in question will finance the costs of 5 temporary laborers who will physically move the objects from storage rooms throughout the museum building to a basement staging area adjacent to the loading dock; wrap, pack and crate the objects for loading onto trucks that will carry them to the MSC; and then reverse that process on the other end. A sixth person will be responsible for capturing data on the objects being moved so that the inventory files will be kept up-to-date with the new storage locations for each item. If we had not completed the shelf-inventory work and compiled a good data base, this necessary step of recording location changes would have presented a major bookkeeping challenge.

Museum Support Center Equipment

Question: With respect to the Museum Support Center, significant problems continue to plague the proper installation of the equipment for the MSC. During last year's hearing, we went into the cost escalation of the equipment at some length, so I will not repeat that, but would you please give us a brief overview of the current situation and what steps are planned to remedy the situation?

Answer: We are pleased to report that the Pod 3 storage equipment for museum specimens stored in alcohol was accepted by the Smithsonian from the contractor in November 1984. The move of those collections is well under way toward being completed by the end of calendar year 1985. With regard to the more complex system for dry collections to go into Pods 1, 2, and 4, the Institution has been advised by the General Services Administration that the performance specifications for the system involving insect and dust tightness and corrosion resistance probably cannot be met by the contractor. The contractor recommends an alternative storage system making use of two concrete decks to create three levels of storage area with these pods and premanufactured (not field assembled) storage cabinets which can be properly constructed, sealed and finished in a factory with adequate quality control. It appears that this approach will solve the tightness and corrosion problems and can be accomplished within the same time frame as the earlier planned system. Furthermore, this approach will give us virtually as much storage capacity as had been planned and will allow the total move to be completed on schedule. We would add that it appears that this alternate plan can be accomplished within the funding requirements for FY 1986 and FY 1987 identified to your Committee. There are additional advantages to using this more conventional approach. The construction of full decks, rather than installing self-supporting three level racking in only portions of these pods as had been planned for the initial move, eliminates the necessity of installing additional flooring and utilities sometime in the future. As a result, the Institution will not have to provide the physical barriers that would be required to prevent theft and damage to the collections from the dust and vibration created by the construction. A further advantage is that this alternative will allow the reuse at MSC of a large number of storage cases presently being used within the Natural History Building.

Collections Management/Inventory Program

Question: $1,147,000 is requested for the Collections Management and Inventory Program, an increase of $289,000 above the fiscal year 1985 level. In the original plan submitted to Congress, the Smithsonian indicated that this program would be a priority into the early 1980's. We have passed the half-way mark of this decade and there seems to be no end in sight with respect to the Inventory. How long do you now anticipate that this special program will continue?

Much of the effort is now concentrated on reconciliation of the old inventory data with the results of the new inventory conducted over the last five or six years. The Smithsonian knew at the beginning of this process that the original records were inadequate -- that was the justification to begin this effort. It would appear that reconciliation efforts could be unending. What is the actual benefit of reconciling this data and, at what point do you stop and say "OK -- this is what we have?"

Answer: As a vital part of the total collections management process, the base line inventory that was completed in June, 1983, produced vast quantities of extremely valuable information about the collections held in Smithsonian museums. The data gathered has enhanced the ability of the Institution to account for its collections by location and, through the organization of inventory files, has made those collections more readily accessible for research and study purposes. During the inventory process, seven of the museums (Freer Gallery, Hirshhorn Museum and Sculpture Garden, the National Air and Space Museum, the National Museum of American Art, the National Portrait Gallery, the National Zoological Park and the National Museum of African Art) were able to conduct their inventories by using base funds and are presently capable of maintaining inventory data with those funds. All of these museums have collections that can be said to number in the thousands. However, at the National Museum of Natural History and the National Museum of American History, where collections run into the millions, special funding appropriated by Congress has been used to support the inventory. In addition, at the Cooper-Hewitt Museum, where collections had not been inventoried prior to their transfer to the Institution, special funds were also utilized.

Although the inventory effort has been intensive, it was not possible in all instances to record inventory data on an item by item basis. While this was done for objects of high intrinsic value and for unique specimens classified as type specimens, certain massive collections were inventoried in groups or batches. In addition, some objects have been stored in places where access is limited, largely because of asbestos contamination. Continued inventory work must be conducted to develop more precise information about such collections, and it is expected that this work will require support for the rest of this decade.

Similarly, reconciliation of recent inventory data with earlier records for certain collections of unusual intrinsic value or research potential will also be continued during this period. The Smithsonian recognizes that a complete records reconciliation process would be unproductive and require an unreasonable amount of time and effort. However, it is important that for certain collections, including many that will be relocated to the Museum Support Center, the collections record must be verified and made as complete as possible for purposes of full accountability and access for research. After this is accomplished, when cross-checking of records becomes necessary for legal or informational reasons in the future, reconciliation will be done on a case-by-case basis. Earlier records will be carefully retained for these purposes.

In the last few years, the Institution has undertaken a full review of the past collections management policies and procedures of each of its museums and has revised them in order to strengthen and clarify controls and responsibilities. These revised policies stress the importance the Smithsonian places on effective collections management operations in each of its museums. Many of the new procedures that have been or are being initiated are based on the use of automated data systems which permit rapid updating and recall of essential collections information. The amount of inventory work that has been done in the past would not have been possible without use of automated systems. However, inventory is but one phase of a total collections management program which includes other critical data covering registration, accessioning, provenance or origins, key descriptive information, donors, loans, storage locations, and condition. Collections management also involves assuring that collections are properly stored, protected, handled and preserved. All Smithsonian museums are engaged in upgrading their collections management programs and, while most of them will be able to do so effectively within their normal operating budgets, the Institution will seek in the future to apply funds used in the past for the special inventory to the permanent base resources of those museums responsible for the largest collections or having the most complex continuing collections management problems.

Automation

Question: While the science bureaus seem to be concentrating on equipment replacement, the focus in History and Art for fiscal year 1986 appears to be automation. An increase of $430,000 is sought for various bureaus to increase automation efforts in fiscal year 1986. Does this represent the total cost of the automation requirements for these bureaus, or will you be seeking additional funding in future years? If so, in what amounts?

Answer: The $430,000 represents a sensible first phase but not the full sums required to automate the kinds of information essential to our history and art museum activities. If OMB permits us to request additional increased in future years, we would be seeking perhaps twice-again as much. As with any area of new technology, we will be feeling our way along, and more precise estimates will of course be based on the experience gained with this initial phase.

Question: In view of funding constraints, is there any compelling reason that this work cannot be delayed?

Answer: These requests could, of course, be deferred to some future year -- but at the loss of an important opportunity to enhance almost every aspect of museum work. Improved inventory control, speedier access to research data, better financial planning and funds control, even simple word-processing and the freedom from having to retype successive or multiple copies of the same document -- all of these would be deferred. Inevitably, this means more and more time spent on routine handwork, with less attention available for substantive program activities of direct benefit to the public.

Sackler Gallery

Question: An increase of $1,672,000 and 19 positions is requested for the Sackler Gallery which is scheduled to hold its inaugural exhibition in the late spring of 1987. A number of these requests seem premature -- such as $230,000 for the construction of temporary walls and exhibit galleries; $380,000 for supplies and materials for the inaugural exhibition; and $110,000 for lighting and audio-visual equipment. When is the Smithsonian scheduled to take beneficial occupancy of the exhibit areas of the new building?

Answer: The Smithsonian is scheduled to take beneficial occupancy of the exhibit areas of the new building in June 1986. For the inaugural exhibition in late spring of 1987, it is necessary to have sufficient lead time to contract out for the installation. This includes time for advertising, bidding, review of bids, interviewing, award of contract, ordering non-stock items, etc. before the physical installation in the galleries. The requested funds are needed in FY 1986 in order to begin this lengthy process. For orders of the size to prepare the exhibition spaces of an entire museum, stock items will become exhausted quickly. Items that can be purchased in FY 1987 are already anticipated in the planned request for $400,000 for the inaugural exhibition in FY 1987.

Question: All of these funds are, of course, one year money. In the past, particularly with respect to the Museum Support Center, funding which was provided for activities that were delayed was transferred to other functions and we had to pay twice for the same costs. Do you anticipate that all of the money requested for the Sackler Gallery, especially that connected with exhibit installation, will be spent in FY 1986?

Answer: Yes. At the very least, funds will be fully obligated in FY 1986 in order to assure that the inaugural exhibition will open on time, and deliveries of the items could begin any time after beneficial occupancy.

Question: $200,000 is requested for collections acquisition with emphasis on Japanese, Korean, Indian and Islamic Art to address deficiencies in the Sackler Collection. In view of the fact that the Freer Gallery houses one of the most distinguished collections of Oriental Art in the world, can it be said that the Smithsonian is really deficient in those areas -- or just the particular Sackler Collection?

Answer: Much of the working relationship between the Sackler collection and the Freer collection depends on the existence of the connecting link, which will permit the programs of the two galleries -- including acquisitions -- to be complementary rather than duplicative. The Freer collection does have some strengths in the areas listed, but limited space has created some imbalances in these areas. For example, a Japanese palanquin in the Sackler is nothing like anything in the Freer collection because of the size of the object.

The major restriction on the Freer collection in this respect is the ability to lend objects from the collection. The Sackler Gallery aims to develop capability for traveling exhibitions that will reach out to a national -- and even international -- constituency. Also, we need this capability to be able to attract major loan shows from national collections to Washington.

Question: Apparently, the Director and Board of Trustees of the Hirshhorn Museum and Sculpture Garden have agreed to undertake the deaccession of a number of objects outside the field of modern art -- including Oriental and African Art. Can these pieces be made available to the Sackler Gallery and the Museum of African Art to enhance their collections?

Answer: Yes indeed. The Museum of African Art and the Sackler have a "right of first refusal" for any of the objects leaving the Hirshhorn Museum's collections. The directors of these two museums have reviewed the Hirshhorn material and identified a few objects each which would represent a desirable addition to their collections.

Academic and Educational Programs

Question: An increase of $2 million is requested for the Smithsonian to undertake basic support of ten advanced research centers located throughout the world. The current budget of all the centers is approximately $8 million. Why should the Smithsonian become such a major funding source for these organizations?

Answer: The Smithsonian and the centers have in common their overriding commitment to research in the widest range of scholarly disciplines and the dissemination of its findings. This leads the Smithsonian to take a direct interest in maintaining the continuous operation of centers in countries abroad and in supporting the regular flow of scholars in all disciplines.

The Smithsonian also since its beginnings has taken all possible measures to contribute to the full and free flow of knowledge irrespective of national boundaries. In many countries of the world these precepts are not readily accepted, and research access by U.S. and other scholars may be severely limited. American overseas research centers, which are acknowledged and often assisted by host governments, are important instrumentalities for the maintenance of research access. The Smithsonian's own scholars and scientists benefit directly from these relationships as do their colleagues in research all over the U.S.

Since the mid-1960's the Smithsonian has supported those centers in "excess" currency countries, and since 1981 has assisted the new Council of American Overseas Research Centers in many ways, acting as its chief sponsor and providing modest financial support with unrestricted Trust funds.

Now the Smithsonian's increased emphasis on supporting international scholarly relations and the growing evidence that centers lack access to continuous funding for basic operations has led the Institution to consider additional measures to meet the pressing needs of these irreplaceable and cost-effective organizations.

Question: No authorizing legislation has been requested for this activity. On what basis did you determine that sufficient authority exists?

Answer: The basic substantive authority for the Smithsonian to assist in supporting the scholarly activities of the American overseas research centers is the Institution's charter "for the increase and diffusion of knowledge among men" (20 U.S.C. Sec. 41). Under this general authority the centers in Israel, Egypt, and India have received support through the Smithsonian in the past. (7 U.S.C. Sec. 1704 provides the special access necessary to use restricted foreign currencies for this purpose.)

Question: Approximately $500,000 has been made available to the centers annually through the U.S. Information Agency. Additional support has come from the National Endowment for the Humanities. In fiscal year 1985 alone, NEH provided $459,000 to four of these centers. As two of the grants were Challenge Grants and one was a matching offer, the impact of the NEH grants is actually close to $1 million. NEH further indicates that additional funding may be made available for these four centers and others pending receipt and review of competitive applications. If the centers require additional support, why isn't the request being made to the subcommittee on the Department of State, Justice and Commerce which has funded these programs in the past?

Answer: The USIA has specific purposes which it must pursue in order to fulfill its particular mission. This is equally true of the NEH and the other federal agencies which from time to time provide support to some of the centers.

Only the Smithsonian has as its fundamental purposes the support of basic research in all disciplines of scholarly endeavor, and dissemination of its findings, the same purposes which have brought the centers into being.

The centers are not now receiving funding at adequate levels nor is the funding distributed in a way that meets their needs systematically. The Smithsonian is the most appropriate vehicle to provide for these needs.

Office of Protection Services

Question: A program increase of $1,384,000 is requested for the Office of Protection Services. $669,000 of this amount is to correct a base deficiency in salaries and benefits. One of the reasons for the deficiency is the diversion of salary funds to "health and safety programs". How much has been diverted and have those funds been restored to the salaries and benefits accounts?

Answer: Over a four-year period beginning in FY 1982, a total of $330,000 has been diverted to the health and safety program in the Office of Protection Services. Of this total, in FY 1985, $85,000 is being spent for testing asbestos and other hazardous materials; and $35,000 in salary and benefits for an industrial hygienist involved in the asbestos and hazardous materials identification and abatement program. This program is being carried out as required under the Occupational Safety and Health Act. These funds have not been restored to the museum guard salaries and benefits subaccounts from which they were diverted. The FY 1986 appropriation request for the Office of Protection Services includes $85,000 to provide for asbestos and other hazardous substances testing. Receipt of this appropriation will permit restoration of $85,000 to the salaries and benefits accounts, which along with the $669.000 requested for salaries and benefits will fully fund the costs of all currently authorized staff.

Question: I am more than a little perplexed by this supposed base shortage. Not only has Congress not reduced staff positions for protective services, but on the contrary in fiscal year 1984 we added 48 more guards and $720,000; and in fiscal year 1985 we added 17 guards and $250,000. If we have incurred a base shortage through Congressional increases, perhaps it would have been wise never to have provided the additional monies in the first place. Would you care to respond?

Answer: The Institution appreciates the increased resources over this period with which we have been able to do specific things, including the staffing of a new facility, the Museum Support Center; the security equipment upgrade program; acceleration of the proprietary security system; and the filling of specific gaps in the guard coverage of critical posts.

Year	Amount	Purpose
1982	$204,000	7 guards
	17,000	1 security specialist
	34,000	temporary fire and safety staff
	40,000	to establish a health unit at AA/PG
	135,000	to provide adequate base funds
	-484,000	4% budget reduction
	-$54,000	TOTAL
1983	$1,702,000	security equipment upgrade program
1984	$720,000	48 guards
	700,000	SIPSS acceleration
	-240,000	reduction of summer hours
	-856,000	reduction to equipment upgrade program
	$324,000	TOTAL
1985	$250,000	17 guards
	200,000	security equipment upgrade program
	-154,000	reduction to equipment upgrade program
	50,000	occupational health program
	-329,000	2% budget reduction
	$17,000	TOTAL

This table shows that over this period program increases of $2,802,000 were provided, most of them for specific purposes which would not help correct the base shortages. In fact, only $135,000 was provided to establish adequate base funds for general operations. Against this increase, however, the across-the-board percentage reductions in FY 1982 and FY 1985 have cut base funds by $813,000.

International Effort to Salvage Moenjodaro

Question: The international effort to salvage Moenjodaro was organized by UNESCO in the late 1970's and has been supported for a number of years by the Smithsonian Institution through the excess foreign currency program. Despite the withdrawal of the United States from UNESCO, the Smithsonian plans to continue support of this project providing just over $1 million in fiscal year 1986. Has continued Smithsonian participation been cleared with the State Department or the White House?

Answer: The State Department is aware of the Smithsonian's budget request for a final Moenjodaro contribution in FY 1986. Mr. Martin Jacobs, Director, Office of Communications and UNESCO Affairs, Bureau of International Organization Affairs, Department of State, has stated no objection to the making of the contribution and has cleared the concept of a transfer of the gift to the Government of Pakistan, bypassing the UNESCO organization.

Zoo Construction

Question: $4,851,000 is requested for construction at the National Zoo for fiscal year 1986. The current estimate for fiscal year 1987 is in excess of $20 million. The major component of the 1987 program is the aquatic exhibit for which design funds were provided in fiscal year 1985. Apparently, additional design funds are required as the justification states that funds to complete the design and construct the facility are included in the fiscal 1987 planning figure. We were under the impression that the full design cost had been funded. Has the scope of the project changed?

Answer: Yes. The present concept involves a considerable modification of the original design consideration during FY 1984. This change has resulted from advances in zoo exhibit techniques and a change in emphasis due to the new program emphasis which was placed on aquatic invertebrates and small vertebrates. The orginal scope was centered around aquatic mammal exhibits (manatees, sea otters, platypus) which are very costly to build and maintain due to the sophistication of the life support systems involved. The revised scope will feature aquatic invertebrate (sea anemones, sponges, sea squirts, shrimp, etc. followed by an extensive exhibition of fresh water fishes both tropical and temperate). We also expect to exhibit appropriate aquatic birds and mammals, but on a smaller scale than anticipated in the earlier scheme. These would include sea otters, Baikal seals, anhingas (snake birds) and dippers.

Question: What additional funds are required to complete the design?

Answer: Based on the revised program of requirements, the estimated construction cost of $12 million is adequate and an additional $500,000 would be required to complete the design.

Question: Last year in testimony before the House subcommittee, the Commission of Fine Arts expressed a desire for the Zoo to proceed with construction of a parking facility. In the last three years, the estimate for this facility has almost doubled. How firm is the current estimate of $17,500,000?

Answer: Of the $17,500,000, $1,500,000 is required for design and $16,000,000 for construction. This estimate is considered adequate. The program of requirements has been validated by a February 1985 access, circulation and parking study.

Question: Information provided in prior years indicated that parking revenues would be used to pay for a portion of the facility. Is that still your intention?

Answer: Yes, in excess of $3 million is estimated to be available by FY 1988.

Question: How much is currently available in parking receipts?

Answer: An amount of $2,300,324 is currently available in parking receipts.

Question: Are these receipts being held in a separate fund for the parking facility or are they being used to support ongoing operations at the Zoo?

Answer: Receipts are being held in a separate fund for the parking facility. None of these funds are used to support ongoing operations at the Zoo.

Question: Would you support an initiative directing that a portion of the parking receipts be used to fund a design study for the parking facility?

Answer: Yes. Design study could be made a part of the Revised Master Plan using parking receipts' funds. The present completed traffic study was funded using parking receipts' funds and did consider alternatives to a structural parking facility. The design study would prepare preliminary cost estimates and provide schematics on how the parking facility would fit into the Revised Master Plan.

Restoration and Renovation

Question: The original authorization for the Wilson Center provided that, dependent upon future action by the Congress, the Center was authorized to construct a building in which to house its operations. In the mid-70's the Wilson Center resigned itself to the fact that Congress was not going to authorize a new location for them. The Center requires additional space, and we understand that there have been ongoing discussions with the Smithsonian as to how this need can be met. During testimony before the subcommittee a few weeks ago, the Wilson Center indicated that the Smithsonian would be removing an elevator and installing a stairwell which will then allow the Center to renovate space in the tower to provide for three additional offices at a cost of approximately $50,000. Is that, indeed, your plan?

Answer: The Institution is currently planning the removal of an under-used elevator extending from the basement to the fourth floor and replacing it with appropriate stairs to correct a potential fire exit problem. We have had some discussions with the Wilson Center staff about their interest in locating offices above the fourth floor level. They have been advised that a Wilson Center funded request would be favorably considered for the development of this space.

Question: Do you think that you will be able to accommodate their request for additional space within the complex of the Castle, the Arts and Industries Building and the Quadrangle?

Answer: The Institution is optimistic that space to house the Wilson Center can be found. As the Committee knows, several organizations now in the Arts and Industries Building will be moving into the third level of the Quadrangle. These include the Associate programs and the Traveling Exhibition Service. To determine the best future use of the freed space as well as the total future use of the A&I Building, the Smithsonian is undertaking a comprehensive space study. The consultant has worked closely with the Wilson Center staff to learn its requirements and will reflect those in his report. Any such use, however, is several years off since substantial interior work must be done on the building.

Quadrangle Construction

Question: Secretary Adams, prior to asking some questions regarding the request for Quadrangle Construction, it may serve to clarify the record by relating a little history of the project. In fiscal year 1982, $960,000 was appropriated for planning of the Quadrangle. At that time, the Smithsonian indicated that the total cost of construction would be less than $50 million. By the next year, the price had risen rather dramatically to $75 million. When the contract was awarded, the final price was $59 million. As a consequence, we rescinded our half of the $16 million savings. The Smithsonian seeks to recover this $8 million over the next two years in ways that are of concern to us.

Four subactivities have been added to the budget which are not normally part of construction budgets of the Smithsonian and which were not included as part of the original package: security installation, furnishings, moving costs, and "final space preparation". These total $11,150,000. The first three are generally budgeted in the salaries and expense account. Why aren't you budgeting these costs in the same way?

Answer: The Institution's experience with the Museum Support Center equipping suggests that it would have been preferable to have included equipping as part of the total project costs and included those costs in the authorization and construction appropriation. The favorable construction award on the Quadrangle means that the expense items of security installation, furnishings, moving costs, and final space preparations can be fitted within the authorized project cost of $75 million which includes the matching private funds raised for the project. Furthermore, the "available until expended" provision of the construction appropriation provides useful flexibility in procurement timing.

Question: Final space preparation seems to be something of a no-year slush fund. Supplementary information provided to the Committee indicates that these funds will be used for space modifications, building operation problems and to "implement public space enhancement projects that are expected to result from future private donations". Is it possible to give us some more specific information regarding the proposed use of this $2.2 million request?

Answer: The Institution plans to request appropriations for that item in FY 1987 and expects to be required to justify such amount in substantial detail. Meanwhile, to explain its presence, it was added to provide for additional interior features in recognition of new key management and program personnel who have had no part in the early planning for the facility, but who will have key roles in the yet emerging use. These key personnel include the Director of the Sackler Gallery; exhibit designers in both the Sackler Gallery and the Museum of African Art; the Director of the International Center; and the Secretary. Past experience has indicated that under such circumstances there will be a number of requirements for reasonable adjustments to the building. Any proposed changes will be viewed carefully and approved only if they will serve important purposes.

Question: Of major concern is the Smithsonian's intention to spend $3,950,000 in the current fiscal year for security equipment and furnishings. These items were not budgeted in construction, the Committee has had no formal opportunity to review these proposed expenditures, yet if you go ahead with these purchases in the current year, we then have to appropriate additional money to cover costs that were included in the original budget. As an example, the fiscal year 1986 justification requests $4,275,000 for construction of the Freer link. $3,500,000 was included in the original estimate and the funds were provided, but rather than requesting just the difference of $775,000, the entire amount for the revised project is requested. If we do not provide this money which will you forego -- the equipment and furnishings or the Freer link?

Answer: We hope that such a choice will not be necessary. The link is already authorized and necessary to the project. The equipment and furnishings are a required, normal and not unexpected part of most projects to permit initial occupancy. The obligation plan shown on page 240 of the appropriation request indicates what we are trying to accomplish. The Institution seeks to reprogram currently available funds for the link together with other adjustments, so that we can obligate funds for the security installation and a part of the furnishings this fiscal year; thus permitting timely occupancy of the building during the second and third quarters of next fiscal year. A more traditional request for reprogramming may be desired and, if so, we will be pleased to submit one. We certainly want the Committee to have a full opportunity to review our request and would have no intention of proceeding with these or any other proposed expenditures without proper authority.

Question: With respect to the increased cost for the Freer link, it appears that "link" may be somewhat of a misnomer. Included in the link will be galleries, public seating, and restrooms. Design funds in the amount of $425,000 are proposed to be spent on this project in fiscal year 1985. What would be the cost of the link without the additional gallery space and public seating?

Answer: At its lower level the link between the Sackler and the Freer Galleries is about 120 feet long. To avoid the negative feelings associated with a long underground public corridor, about 80 feet of the corridor has been widened by about 8 feet to provide for the display of exhibits. It is expected that the exhibit materials (frequently photographs) will involve a low security risk and will not require the presence of a museum guard. The public seating is in the form of typical hallway or gallery benches. We believe that the additional space being provided (about 650 square feet) is consistent with the overall design of the facility and ask that it be retained. The estimated cost of the 650 square feet is $130,000 and the seating is $10,000.

Question: Were galleries part of the original plan for the link?

Answer: Yes, galleries were part of the original plan for the link to the extent that they were and are viewed as a highly desirable improvement to the nearly 120-foot long subterranean corridor between the lower Freer elevator lobby and the Sackler.

Question: Secretary Adams, as you know, the authorizing legislation specified that federal funds must be matched on a 50-50 basis with non-federal funds on the Quadrangle project. The converse, however, is not the case. You have additional trust funds earmarked for this project in excess of the federal funds provided to date. We might suggest that any expenditures planned for fiscal year 1985 which were not part of the construction budget, such as furnishings and security equipment be funded solely from trust funds until Congress has had the opportunity to react to this proposal. Is that agreeable?

Answer: The fund-raising effort conducted by Secretary Ripley and others was on the basis of full-sharing in the costs of this project. It was certainly the understanding by donors large and small that their contributions would be matched by Federal appropriations. That bargain should now be upheld. The requirement by the Congress that a dollar of Trust funds should be spent for each dollar of appropriated funds should also work the other way. As suggested in an earlier answer, you should have the opportunity to react to this proposal but we do not wish to advance Trust funds.

Air and Space Equipment

Question: An increase of $150,000 was provided in fiscal year 1985 to accelerate the video disc program of the Air and Space Museum. That increase appears to now be reflected in the base equipment budget of the Museum. Why is this?

Answer: Funding provided in FY 1985 to accelerate the video disc projects permitted the continued support for these long-term efforts to store and retrieve archival documents. The majority of the funding utilized for the technological development and application of the digital video disc project was for the purchase of equipment and related software. In the information provided for the record to the House Appropriations Subcommittee, after the FY 1985 House hearings, the need to continue this funding after FY 1985 was identified. Presently, dramatic breakthroughs in these technologies occur every three to six months. Continued funding for equipment and software for the project is required in FY 1986 and following years to take advantage of these state-of-the-art breakthroughs to refine and enhance the system.

Museum Support Center Move Schedule

Question: Please provide a copy of the original schedule of the MSC move and the current re-estimate of the move schedule. Also, please provide the original cost estimate and the most recent cost estimate showing funds appropriated to date, requested for fiscal year 1986, and future year requirements.

Answer: Move Schedules*

	Original **	Current Re-estimate**
Pod 3 High Density:	December 1983 - May 1985	December 1984 - November 1985
Pod 4 High Bay:	December 1983 - December 1985	October 1987 - August 1989
Pod 1 High Density:	December 1984 - September 1989	October 1986 - December 1989
Pod 2 High Density:	December 1984 - February 1986	September 1986 - October 1988
Pod 4 High Density:	December 1984 - September 1987	November 1986 - February 1989

Move Budget Activity Table*
(Dollars in thousands)

Fiscal Year	Original Cost Estimate	Actual Cost and Projected Cost Estimate	Budget Request	Appropriation
1983	1,100	543	1,100	1,100
1984	750	482	750	750
1985	750	506	750	706
1986	1,100	750	750	***
1987	700	1,100	***	***
1988	600	1,200	***	***
1989	350	450	***	***
1990	--	100	***	***
TOTAL	5,350	5,131	***	***

* Move schedules and associated costs are projections only, because the change in the MSC Storage System from a metal erector set to concrete decks is still in the design phase and its impact on the move schedule is not fully known.

** Move schedules reflect time estimates for actual move of collections to MSC on availability of storage equipment. These schedules do not reflect time required to prepare collections for move prior to availability of this equipment.

*** Not yet determined.

Sackler Gallery Staffing

Question: Requested funding for positions, in most cases, is for only a portion of the fiscal year. What are the full year costs associated with the positions for the Sackler Gallery?

Answer: The full year cost associated with the 19 new positions requested for the Sackler Gallery is $492,000.

Question: Please provide a detailed timetable of activities associated with the opening of the Sackler Gallery.

Answer: The schedule of activities associated with the opening follows:

FY 1986

Oct	Continue preparation, repair of objects to be shown in the inaugural exhibition.
Oct	Design of exhibition including layout of objects.
Oct	Begin to order equipment and furnishings.
Nov	Complete photography of Sackler collection.

Dec	Design of temporary walls, exhibition cases, lighting, security requirements, seating needs in exhibition areas, exhibition props, other structures.
Feb	Begin contracting process for construction of exhibition walls, cases, lighting fixtures, and other structures.
Feb	Begin contracting process for graphics.
Apr	Begin design of exhibition labels, graphics.
Apr	Press releases, photographs, transparencies for the media in regard to the programs and purposes of the new Gallery, the progress of the construction, and the opening exhibition.
May-June	Beneficial occupancy. Transfer from Freer and MSC to Sackler Gallery.
Jun	Construction of temporary walls and other structures
Jul	Installation of standard, general lighting fixtures.
Aug	Installation and painting of temporary walls and other structures.
Aug	Construction and painting of exhibition cases.
Aug	Preparation of large graphical materials.
Aug	Construction of exhibition props.
Aug	Preparation, editing of exhibition labels.
Sept	Construction of seating for visitors.

FY 1987

Oct	Installation of area carpets.
Nov	Installation of special lighting fixtures.
Jan	Installation of exhibition cases.
Feb	Order plants, flowers for exhibition opening.
Feb	Printing of floor plans, introductory brochures, gallery leaflets, catalogues of the collection.
Mar	Installation of exhibition props.
Apr	Installation of visitor seating in the exhibition areas.
Apr	Printing of exhibition labels.
Apr	Installation of security devices in cases and on walls.
May	Full complement of guard force on duty.
May	Installation of large graphical materials.
May	Installation of the objects into the exhibition galleries.
May	Installation of exhibition labels, other textual matters.
May	Adjustment of special lighting.
May	Installation of plants, flowers in exhibition areas.
May	Touch-up painting.
May	Opening of inaugural exhibition.

Question: Please provide the same information on positions and scheduling for the Museum of African Art.

Answer: The full year cost associated with the 14 new positions requested for the Museum of African Art is $327,000.

The schedule of activities associated with the opening follows:

FY 1986

Oct	Begin to order equipment and furnishings. Consultant for African Textiles exhibition arrives.
Nov-Dec	Selection of objects for African Art from the Permanent Collection exhibition is completed. Selection of objects for African Art and the Cycle of Life exhibition is completed.
Jan	Selection of textiles for African Textiles exhibition completed. Processing of loan agreements for African Art and the Cycle of Life exhibition begins.
Feb	Design of African Art from the Permanent Collection exhibition. Photography of exhibition material for Permanent Sculpture exhibition.
Mar	Design of African Textiles exhibition. Photography of exhibition material for African Textiles exhibition.
Apr	Textile conservation and mounting begins. Contract for construction of exhibit components.
May-Jun	Design of loan exhibition African Art and the Cycle of Life. Beneficial occupancy of building. Move of staff and collection from A Street. Construction of installation components begins for African Textiles and African Art from the Permanent Collection.
July	Installation of general lighting fixtures. Manuscripts to SI Press for opening exhibition catalogues.

Aug	Construction of installation components for African Art and the Cycle of Life. Press releases, photographs, transparencies for media to publicize opening exhibitions and programs. Contract A/V program production.
Sept	Construction of seating for visitors. Design of Orientation and Focus galleries.

FY 1987

Oct	Mounting of photo murals for Orientation Gallery.
Nov	Installation of special lighting fixtures.
Dec	Installation and painting of temporary walls, platforms.
Jan	Label and text panel copy completed and contextual visuals selected. Installation of exhibition cases for Permanent Sculpture exhibition.
Feb	Objects for loan exhibition African Art and the Cycle of Life are received. Print gallery guides, introductory brochures, leaflets. Installation of exhibition cases for African Art and the Cycle of Life exhibition. Printing of all labels and text panels completed.
Mar	Begin installation of security devices in cases and on walls. Installation of Orientation and Focus galleries. Installation of objects for Permanent Sculpture and African Textiles exhibitions. Partial guard staff installed.
Apr	Installation of Focus Gallery. Installation of visitor seating in galleries. Install and test A/V equipment and program material.
May	Full guard complement on duty. Installation of objects for African Art and the Cycle of Life exhibition. All labels, text panels, graphics in place. Adjust lighting, touch-up painting, flowers and plants in exhibition areas. Opening of inaugural exhibitions.

Question: Prior to completion of the Quadrangle, where does the Smithsonian plan to house all the new employees requested in the fiscal year 1986 budget?

Answer: New program personnel will be hired during the fiscal year after space is available in the Quadrangle. In a few instances, new employees requested for organizations to be located in the Quadrangle will be housed in existing bureau space and move to the Quadrangle along with their bureaus. Most support employees such as guards and maintenance personnel will undergo a brief orientation/training period in other Mall buildings and report to the Quadrangle in accord with the occupancy schedule.

Question: Please detail the different functions between the increase and staff requested for the Office of Exhibits Central with respect to the Quadrangle and those positions requested in the two galleries and in the Directorate of International Activities for exhibition activities.

Answer: New staff requested for the Office of Exhibits Central will directly support the exhibition program of the International Center. The two positions requested by the Directorate of International Activities are a program director and an education specialist. New staff for the two Quadrangle museums will support the programs of the Museum of African Art and the Sackler Gallery. There may be rare occasions when all the staffs of the various units housed in the Quadrangle work together on a joint undertaking; but much more often, each unit will be pursuing its own activities with appropriately specialized staff.

Question: When is the Smithsonian scheduled to receive occupancy of the entire Quadrangle complex?

Answer: Occupancy of the Quadrangle is expected to be as follows, subject to contractor's and GSA's agreement to make space available in advance of formal contract completion (currently March 20, 1986).

3rd level and kiosk. Occupancy by operating engineers and security personnel in February 1986. Occupancy by program units (Smithsonian Institution Traveling Exhibition Service, Smithsonian Institution Resident Associate

Program, Smithsonian Institution National Associate Program and International Center) March 1986.

1st and 2nd levels, pavillions and garden. Occupancy by operating engineers, security and grounds maintenance March 1986. Occupancy by museums May 1986.

Zoo Construction

Question: $3 million is included in the fiscal year 1987 planning figure for the health and research facility. Of this amount, how much is for hospital equipment and how much is for renovation of the existing hospital?

Answer: The total amount is to be used for the renovation of the Health and Research Facility. This renovation will convert the present facility into a research complex. None of these funds is for equipment estimates. The Zoo is currently working on the estimates for equipment and plans to include the request for funds in FY 1987 and FY 1988.

Conservation Analytical Laboratory

Question: Four additional positions and $311,000 are requested for additional work at the Museum Support Center. Will this complete the staffing requirements for CAL? If not, what is the current estimate of future requirements?

Answer: The additional four positions requested for CAL in FY 1986 are part of the planned growth of CAL's highly specialized staff, which has been projected and described in recent budget justifications. The program expansion of CAL will necessitate a gradual growth of staff and resources which is presently projected to continue through 1990. According to present planning CAL will be fully operational in each of its functions including archaeometry, conservation science, conservation treatment, and training. Between 1986 and 1990, the projected growth will call for 17 additional positions, of which 7 will be needed for the full development of the conservation training program.

Question: Are the full year costs of these positions reflected in the budget request?

Answer: The FY 1986 budget request reflects full year funding for the four new positions sought for CAL. The specialists described in the request are urgently needed. Upon Congressional approval, immediate recruitment will be initiated; it is expected that the positions could be filled at the start of FY 1986.

Administration

Question: Please explain the relationship between the request of $200,000 for software applications and base resources of $425,000 for purchasing and installing work stations with the requests in various History and Art bureaus for automation.

Answer: The overall strategy for funding the automation program in the Institution is that the central special appropriation ($425,000 in FY 1985) is used for major capital investments in Institution-wide information systems including acquisition of software and terminal and storage devices to handle that software. Examples of this include the bibliographic system which is now operational and the collections information system for which software will be procured in FY 1985. Trust funds are being used to purchase major central processors, including the one for the bibliographic system, with this investment to be recovered over a period of years through the establishment and operation of cost centers.

Bureau and office funds, including those requested in the FY 1986 budget, will be used to support the ongoing acquisition, maintenance, support and replacement of automation equipment to meet initially their individual requirements for word and data processing but longer-range to give them the base capacity also to sustain and enlarge their use of Institutional systems. For example, in FY 1986 with funds requested by the history and art museums and galleries, personal computers, printers and related equipment would be acquired to assist with bureau administrative work and with research, collections management, education and exhibition functions, specialized to the particular museum, art gallery, or archives. As examples, the Museum of American History would use this tool to help track projects, the Museum of American Art would maintain loan records, and the Hirshhorn Museum would use its equipment for exhibition planning and layout among other tasks.

With the requested level of $625,000 in FY 1986, the Office of Information Resource Management will purchase and install workstations throughout the Institution for individual researchers and collections managers to use the bibliographic and collections information systems ($200,000); acquire software to implement a Smithsonian-wide administrative management system ($225,000); and begin the implementation of the communications network linking buildings and offices through the purchase and installation of cable and specialized software ($200,000) using the raceways to be provided through the Restoration and Renovation budget. While the workstations to be provided from this account will be compatible with those that the history and art bureaus are requesting, they will be made available to other staff as the bibliographic and collections systems are installed. Once this initial installation is completed, the bureaus will be expected to maintain and replace all workstations with their base funds.

Office of Plant Services

Question: $321,000 is sought for a building management unit at the Quadrangle. Included in the Quadrangle will be the National Associate and the Resident Associate programs which are fully trust funded. What trust funds will be applied to their share of plant services and protection services?

Answer: These programs, as well as other trust-funded auxiliary activities, presently pay "rent" to the Institution for the administrative spaces they occupy in Smithsonian buildings. When the two Associate programs occupy space in the Quadrangle, that practice will continue and those programs will pay about $300,000 for the square footage they occupy. While these funds do go to meet facilities-related costs, they are not applied directly to plant maintenance and protection since these are federal responsibilities. As is noted on page 6 of the FY 1986 budget document, "rent" paid by the auxiliary activities is used to share in the costs of space rented by the Institution at L'Enfant Plaza for Smithsonian administrative units. This process reduces the requirement for federal funds for such rentals.

Cooper-Hewitt Inventory

Question: Page 99 of the justification indicates that the Smithsonian will inventory the archival holdings at the Cooper-Hewitt. What is the anticipated expenditure for this activity in fiscal year 1986?

Answer: Expenditures for collections management work with archival collections in FY 1986 will depend, for the largest part, upon private fund-raising success. A grant proposal for $7,500 has been sent to the New York State Council on the Arts. The work referred to on page 99 of our justification does not involve "inventory" of these archival collections but the organization, indexing and rehousing in archivally acceptable conditions of the papers of Donald Deskey, one of America's pioneer industrial designers.

Previous efforts in this area have all been undertaken with private funds raised by the Museum. A grant of $14,000 from the Hallmark Foundation permitted the Museum to organize the papers of the industrial designer, Henry Dreyfuss; the New York State Council on the Arts provided $5,000 for similar work with the papers of the graphic designer. Ladislav Sutnar; and $20,000 from the J.M. Kaplan Fund has been received for work with the picture files, an enormous bank of images and illustrations of great use to designers and others since the museum's founding. This file also includes the specialized materials of the Maximus collection and the George Kubler collection. In every case, the Museum has also contributed indirect resources of management staff time and to the extent possible, related direct costs not covered by the grants but necessary for the completion of a project. In FY 1986 we anticipate allowing as much as $10,000 from Trust fund base resources as a match for the NYSCA grant if it is awarded.

Question: Are federal funds being spent in any other Smithsonian museum to inventory items that are "not part of the permanent collections"?

Answer: No federal funds are being spent in any other Smithsonian museum to inventory such items.

Anacostia Neighborhood Museum

Question: What is the schedule for moving the Anacostia Neighborhood Museum from the Carver Theater to the newly constructed facility at Fort Stanton?

Answer: The contract for the expanded facility at Fort Stanton calls for construction completion in April of 1986. The move from the Carver Theater would therefore be accomplished subsequently in the spring of 1986.

Question: What is the annual lease cost for the Carver Theater?

Answer: The cost of the present lease if $34,000 annually for the theater and $1,500 annually for the vacant lot next to the theater.

Question: Can we rely on the statement in the justification that the lease savings will be applied to equipping and furnishing the new exhibit area?

Answer: Yes. The plan is to apply such savings toward equipping and furnishing the new exhibit area.

Academic Programs

Question: Over the past three years how much has the Smithsonian provided to the advanced research centers through the Special Foreign Currency Fund?

Answer: The Smithsonian Special Foreign Currency Program has provided funds to the American Research Center in Egypt (ARCE) and to the American Institute of Indian Studies (AIIS) as follows:

	ARCE	AIIS
FY 1982	$312,153	$2,202,243
FY 1983	$235,103	$ 901,046
FY 1984	$177,111	$2,052,898

In addition, Smithsonian Trust funds have been made available for the operation of the Council of American Overseas Research Centers as follows:

FY 1982	$9,200
FY 1983	$7,000
FY 1984	$6,000

A budget of $21,000 has been approved for FY 1985 from Smithsonian Institution Unrestricted Trust funds. CAORC expenditures have included clerical/technical assistance, brochures, stationery/postage, word processing, legal fees, travel, meetings, and equipment.

Computer Services

Question: Increases are sought throughout the budget for procurement of both hardware and software, additional staff, and installation of a cable network. Please provide a table indicating base resources (by major division: Science, History and Art, etc.), available for the purchase of hardware and software, installation, operational costs of the system (including staff), proposed increases for fiscal year 1986, and estimates of additional requirements for fiscal years 1987-1989.

Answer: The following table shows federal operating expenditures for automation in fiscal year 1984 and the requested increases for fiscal year 1986. These figures do not include expenditures for security, mechanical and other building-related computer systems which are dedicated to those purposes. While it is anticipated that fiscal year 1985 expenditures for the Institution as a whole will approximate the level for fiscal year 1984, the distribution will likely be different. This is because most bureaus and offices do not have bases for ongoing automation efforts. This is particularly true in the history and art bureaus which the fiscal year 1986 requests are meant to begin to correct. To date, funds for the acquisition of equipment and software and for services have been developed through lapsed savings in personnel accounts or by deferring less urgent expenditures in order to acquire these important tools for word and data processing. Information for fiscal year 1985 as well as projections for fiscal years 1987 - 1991 are now being collected from all organization units for the formulation of new budgets and preparation of the Five Year Prospectus. It is clear, however, that additional funds will be required in the out years to establish adequate base level capabilities in all activity areas.

In addition to the Salaries and Expenses costs and requests, the Institution is seeking funding in the Restoration and Renovation of Buildings account for the development of a communications pathway or raceway system to accommodate electronic requirements to link Smithsonian buildings in the Mall area. An amount of $250,000 is sought in FY 1986 to initiate the first construction phase which will interconnect buildings. Further amounts totaling $9.5 million are expected to be sought through FY 1990 to continue the first phase and extend the raceway throughout each building.

AUTOMATION

1984 EXPENDITURES AND 1986 INCREASES

($000s)	1984 Expenditures				1986 Increases			
Activity	Purchase and Installation Hardware and Software	Personnel/1	Other/2	Total	Purchase and Installation Hardware and Software	Personnel/1	Other/2	Total
Science	737	539	1,738	3.014	55	0	0	55
History and Art	168	137	186	591	330	75	25	430
Public Service	32	0	63	95	0	0	0	0
Museum Programs	33	0	228	261	0	0	200	200
Int'l Activities	0	0	0	0	20	0	0	20
Special Programs	11	0	14	25	0	0	185	185
Administration	673	1.408	693	2.774	224	26	0	250
Facilities	53	0	193	246	20	0	0	20
TOTALS	1,707	2,084	3,115	7,006	649	101	410	1,160

/1 Personnel costs include those staff engaged in systems planning, development and implementation and directly related tasks. Not included are those staff engaged in information input which would cover such staff as secretaries, inventory personnel, and the like.

/2 Other costs include equipment rental, space rental, commercial services (such as maintenance; purchased computer time; and contracted analysis, programming and design) and use of the Institution's computer cost centers.

Quality of Smithsonian Restaurant Facilities

Question: Isn't it unlikely that a short-term contractor with a lease of only a couple of years would be as committed to maintaining the excellence of the facilities and providing the high standards of service as would an entrepeneur who not only had $23 million of his own money on the line, but had the visibility and had made the commitments that Warner LeRoy and Marriott Corporation have made?

Answer: Maintaining excellence of the facilities and providing high standards of service will be contractual requirements for ANY agreement entered into by the Smithsonian with a food service vendor. The duration of the agreement and any amounts invested are separate contractual matters; not motivational factors. What has been missed in all discussions of investment in food facilities is the fact that the Smithsonian will be required to REPAY the monies advanced, whether these monies be advanced by a food service vendor or by a bank or from the Institution's Trust funds. The facilities are currently and will continue to be an asset of the Smithsonian, not the vendor, and will be viewed as such by the visiting public.

QUESTIONS SUBMITTED BY SENATOR PAUL LAXALT

Question: Why does the Administration propose transferring funding for the American Overseas Research Centers from USIA to the Smithsonian?

Answer: Without attempting to speak for the Administration, the Smithsonian Institution has no reason to believe that the intention is to transfer any function from USIA to the Smithsonian. While USIA on occasion provides core funding for some of the centers it does not do so on a regular, sustained basis which is what the Smithsonian proposes to do. It is our expectation and very strong hope that USIA will continue to fund aspects of operations, fellowships and projects of the centers as those activities coincide with USIA objectives.

Question: Why do you feel that the Smithsonian can better handle this function than USIA?

Answer: The USIA has specific purposes which it must pursue in order to fulfill its particular mission. This is equally true of the other federal agencies which from time to time provide support to some of the centers.

For example the centers provide for sustained scholarly relations even in times of political difficulties between governments. USIA would have difficulty in maintaining centers under such conditions while the Smithsonian is not limited in the same way. The Smithsonian has as its fundamental purposes the support of basic research in all disciplines of scholarly endeavor, and dissemination of its findings, the same purposes which have brought the centers into being.

The centers are not now receiving funding at adequate levels nor is the funding distributed in a way that meets their needs systematically. The Smithsonian is the most appropriate vehicle to provide for these needs.

Question: Please provide a list of the total budget and the total Federal appropriation of each member organization.

Answer: The following information is derived from the Centers' most recent annual reports.

American Academy in Rome	
Total budget	$1,900,000
Total Federal funds	$ 332,000
American Institute for Yemeni Studies	
Total budget	$119,000
Total Federal funds	$ 57,000
American Institute of Indian Studies	
Total budget	$2,556,000
Total Federal funds	$2,465,958 (including "excess" rupees)

American Institute of Iranian Studies		
	Total budget	$8,000
	No Federal Funds Received	
American Institute of Pakistan Studies		
	Total budget	$37,000
	Total Federal funds	$32,000 (including "excess" rupees)
American Research Center in Egypt		
	Total Budget	$708,000
	Total Federal funds	$402,870 (including "excess" pounds)
American Research Institute in Turkey		
	Total budget	$178,000
	Total Federal funds	$126,500
American School of Classical Studies		
	Total budget	$1,500,000
	Total Federal funds	$ 75,000
American Schools of Oriental Research		
	Total budget	$1,000,000
	Total Federal funds	$ 178,000
Universities Service Centre		
	Total budget	$225,000
	Total Federal funds	$150,000

Question: Please provide a brief description of the specific programs carried out by each member organization.

Answer: Overseas research centers provide essential support services to American scholars abroad. They offer administrative assistance to the visiting scholars, most importantly in maintaining relations with the host country governments and in procuring official approval of research projects. All centers actively foster contact between American scholars and their local counterparts. Sponsored research, fellowship, and public programs vary from center to center.

The American Academy in Rome provides fellowships for post-graduate study in Rome; the center has library, meeting, residence, and dining facilities; serves as liaison with the Italian government for all American scholars to obtain required permits for archaeological excavations; sponsors weekly lectures, concerts, and cultural presentations for the general public and other academics; sponsors publications program.

The American Institute for Yemeni Studies offers fellowships for study at the Center; the Center has library and hostel facilities; Institute acts as liaison with the Yemen Arab Republic and arranges necessary research and excavation permits; sponsors publications program; sponsors regular lecture and seminar program in Y.A.R. and U.S.

The American Institute of Indian Studies sponsors fellowships and language-training programs in India;-three regional offices provide administrative and orientation services, have libraries, hostel facilities; Art and Archaeology research center at Benares, Ethnomusicology Center at Pune sponsor scholarly programs, publications; regional centers provide necessary institutional affiliation for governmental approval of research projects.

The facilities of the American Institute of Iranian Studies in Tehran have been closed since 1980; AIIS now publishes study and bibliographic guides to Persian language materials and supports a graduate fellowship.

The American Institute of Pakistan Studies supports American fellows in Pakistan and Pakistani scholars in the U.S.; provides the required institutional affiliation for research projects in Pakistan to receive governmental approval.

The American Research Center in Egypt sponsors fellowships for study in Egypt; the Center in Cairo has residence, library, office, and study facilities; procures governmental approval for archaeological excavations; sponsors seminars, lectures; publishes newsletter, journal; edits translations, catalogues of Egyptian National Libtary collection; provides office, field equipment for researchers.

The American Research Institute in Turkey sponsors fellowships in Turkey; offers institutional affiliation for governmental approval of research projects; two research centers provide library, meeting rooms, and hotel facilities.

The American School of Classical Studies at Athens sponsors fellowships in Greece; the school has libraries, museums, residence, dining, study facilities; serves as liaison for American archaeological projects in Greece; sponsors publication program.

The American Schools of Oriental Research sponsor fellowships at three research centers in Jerusalem, Israel, Amman, Jordan, and Nicosia, Cyprus; centers have libraries, meeting rooms, and residential facilities: ASOR oversees archaeological projects, procures governmental permits for field projects; sponsor exhibits, lectures, educational programs at centers and in the U.S.; ASOR publishes newsletters, journals, and monographs.

The Universities Service Centre has a library and study facilities for scholars in Hong Kong; sponsors weekly roundtable discussions for visiting scholars.

Question: Do you anticipate continued participation by any other Federal agency in the funding of CAORC member organizations?

Answer: We have every reason to believe that the Federal agencies which have funded programs and projects of the centers will be encouraged by added stability for the centers to maintain their commitment to center programs. These commitments, of course, may vary depending upon other priority programs of these agencies, although we hope center programs will continue to compete successfully with other applicants for funding in these areas.

Questions Submitted by Senator Dale Bumpers

Question: What steps are being taken to reduce the costs of operating these facilities while still providing an appropriate level of public service?

Answer: A variety of actions take place to achieve appropriate levels of public service while operating economically. Our five-year planning process coupled with careful annual review of budgets forces consideration of priorities and disciplines the staff and management to concentration of priorities on those priorities to the exclusion of less urgent work. Except for the staffing of new facilities and necessary augmentation of our museum security force, the Institution has operated within stable employment for several years under workyear ceilings established by the Office of Management and Budget. This has required the staff to become more productive. We make extensive use of the private sector to perform services for the Institution where it is determined that such work can be performed effectively and economically. Increasingly automation is being applied to administrative, research, collections management, and library functions to provide efficient tools to the staff. Since the costs of maintenance, operation and protection of our facilities constitute about 30 percent of our federal operating budget, a number of specific actions have been taken to control these costs. Life cycle costs and related operating efficiency have been stressed in new facilities completed, under construction, or planned. We are emphasizing plant equipment replacement to eliminate equipment which is obsolete, requires costly maintenance and repair, is oversized or otherwise inefficient by energy conservation standards, or is unnecessarily labor intensive. Related to this effort, we have a comprehensive program to control energy conservation and to monitor use of mail and long distance telephone services. We are installing security-monitoring equipment to augment our guard force. Within the finite workhours available for trade and craft services we have imposed strict limitations through a quota system on the use of those hours for program support in order to assure that hours were available for building maintenance. Overtime is examined closely and to control costs we have established the policy of temporary closing of low-visitor volume exhibits in lieu of guard overtime.

Question: What percent of your total budget is represented by federal appropriations, grants and contracts?

Answer: Federal appropriations and Federal grants and contracts for FY 1985 taken together comprise approximately 56 percent of the total Institution's gross operating revenues or approximately 84 percent of net operating revenues.

Question: Is this ratio of appropriated to non-appropriated funds increasing or decreasing?

Answer:

	1981	1982	1983	1984	1985 (est.)
Federal S&E and Federal Grants and Contracts	85%	88%	85%	83%	84%
Nonappropriated (net)	15%	12%	15%	17%	16%

Over a five year period, the ratio of appropriated funds (Federal S&E and Federal Grants and Contracts) to net nonappropriated funds has remained relatively constant.

Question: Is it conceivable that sometime in the near future we can reduce or stabilize the federal outlay based on greater involvement by the private sector combined with reductions in operating costs.

Answer: The operating budget requirements of the Institution are affected largely by the care of the National Collections and the operation, maintenance, and protection of a large physical plant housing those collections for research and exhibition purposes. While it is unlikely that we will see the same level of physical and program expansion as has been experienced over the past years, some budget growth will be sought to meet support and program needs and to provide for any new facilities authorized by the Congress. We will continue to operate efficiently using the private sector to supply services in lieu of using in-house staff where we determine that contracting is as effective and less expensive. As is noted in our previous answer, our self-help measures through our auxiliary activities are now providing about $20 million net unrestricted trust funds that can be allocated by the Board of Regents to research and education and other purposes. These funds have helped to hold down requirements for additional federal funds and, in a few instances, have replaced federal funds.

SUBCOMMITTEE RECESS

Senator McClure. The subcommittee will stand in recess until Thursday, March 21, at 1 p.m., at which time we will review the fiscal year 1986 budget estimates for the energy conservation programs of the Departments of Energy.

[Whereupon at 3:50 p.m., Tuesday, March 19, the subcommittee was recessed, to reconvene at 1 p.m., Thursday, May 21.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1986

THURSDAY, MARCH 21, 1985

U.S. Senate,
Subcommittee of the Committee on Appropriations,
Washington, DC.

The subcommittee met at 2 p.m., in room SD-138, Dirksen Senate Office Building, Hon. James A. McClure (chairman) presiding.

Present: Senators McClure and Leahy.

DEPARTMENT OF ENERGY

Energy Conservation

STATEMENT OF DONNA R. FITZPATRICK, ACTING ASSISTANT SECRETARY FOR CONSERVATION AND RENEWABLE ENERGY

ACCOMPANIED BY:

ALAN J. STREB, DEPUTY ASSISTANT SECRETARY FOR CONSERVATION

ROBERT L. SAN MARTIN, DEPUTY ASSISTANT SECRETARY FOR RENEWABLE ENERGY

FRANK M. STEWART, JR., DIRECTOR, OFFICE OF STATE AND LOCAL ASSISTANCE PROGRAMS

PREPARED STATEMENT

Senator McClure. Good afternoon. This is the time scheduled to review the fiscal year 1986 budget request for the Department of Energy's energy conservation and related programs. For fiscal year 1986 DOE is requesting $336,654,000, a decrease of $91,956,000, or 20 percent, from the fiscal year 1985 level. Part of your fiscal year 1986 request includes providing some $190,524,000 for schools and hospitals and weatherization grants to be financed from petroleum overcharge funds, the authorization for which requires separate legislation.

Testifying on behalf of the Department this afternoon will be Acting Assistant Secretary for Conservation and Renewable Energy Donna Fitzpatrick.

This is your first visit before this subcommittee and you are very welcome here this afternoon. Please introduce those who are with you and who will be assisting you in your testimony this afternoon, and we will then proceed with the questioning. Your statement, of course, will appear in full in the record.

[The statement follows:]

Statement of Donna R. Fitzpatrick

Mr. Chairman and Members of the Subcommittee, I appreciate this opportunity to appear before you today and provide information on the FY 1986 budget request concerning the Department's energy conservation and related programs. The budget for these programs is consistent with and supports the goals and strategies set forth in the Fourth National Energy Policy Plan (NEPP-IV). I will summarize those parts of the Plan which are relevant to the subject of today's hearing and discuss related highlights of the FY 1986 budget request.

NATIONAL ENERGY POLICIES AND STRATEGIES

The overall goal of our national energy policy is to foster an adequate supply of energy at reasonable costs. The policy recognizes that "adequate supply" requires flexibility in the energy system, with no undue reliance on any single source of supply. The goal of "reasonable costs" suggests economic efficiency within the energy system, so that energy consumers, individual, commercial, and industrial users alike, are not penalized by economic rigidities introduced into the system by ill-advised governmental regulation. The strategies for achieving this energy policy goal are: (1) to minimize Federal control and involvement in energy markets while maintaining public health and safety and environmental quality; and (2) to promote a balanced and mixed energy resource system.

The FY 1986 budget request implements these strategies by supporting development of a mix of technologies that can contribute to both energy supply and improved end-use efficiency. Energy conservation, which we define as the elimination of waste and the careful and efficient use of resources, is a basic component of these strategies. We view it as an important energy resource. Indeed, the experience of the last 10 years has proven this to be the case. Despite strong economic growth in 1984, it is estimated that total energy consumption in that year did not exceed that of 1973, and was far below what pre-1973 trends would have produced had those trends continued. Yet economic output over the same period of time continued to expand. To illustrate the gains in economic and energy efficiency we achieved over that period, the amount of energy required to produce a constant dollar of gross national product has declined by more than 20 percent since 1973.

In allocating our resources, we are concentrating on applying Federal funds only where they are most effective: in supporting research and development (R&D) efforts where the potential payoff is high, but which private industry cannot be expected to pursue alone because the results are difficult to predict or a return on investment would require an exceptionally long time to be realized.

FY 1986 BUDGET OVERVIEW

The Administration's FY 1986 budget request for energy conservation and related programs totals $370.7 million. This amount includes $145.1 million requested for energy conservation R&D, and $225.6 million for State and Local grant programs. The Administration's total request of $370.7 million is $29.5 million less than the $400.2 million requested for these programs last year. This budget request supports our energy policy goal of ensuring an adequate supply of energy at reasonable costs, while at the same time contributing to our objective of reducing the Federal deficit.

The $145.1 million requested in the DOE budget for energy conservation R&D is roughly equivalent to the FY 1985 request. The request also includes funds to carry out the conservation related activities and programs mandated by Congress including: the Appliance Standards Program; the Building Energy Conservation Standards and Guidelines Program (formerly the Building Energy Performance Standards); the Federal Energy Management Program; the Industrial Reporting Program; and preparation and publication of the Gas Mileage Guides.

We are requesting $225.6 million for State and Local grant programs. We propose to offset the $191 million budget request for the weatherization and schools and hospitals conservation grants with funds recovered by the government from alleged petroleum pricing and allocation violations which took place during the period of oil price controls.

We introduced legislation last year to make use of these oil overcharge funds, but it failed to gain Congressional approval. Similar legislation will be introduced this year.

I would like now to address the funding requests for selected major programs.

FY 86 BUDGET REQUEST FOR ENERGY CONSERVATION

The FY 1986 budget request for energy conservation research and development programs under this subcommittee's jurisdiction totals $145.1 million. The FY 1986 request is roughly equal to the FY 1985 Congressional appropriation. It includes $37.3 million for Buildings and Community Systems, $43.0 million for Transportation Programs, $35.5 million for Industrial Programs, and $26.7 million for Multi-Sector programs. The request also includes $2.6 million for Policy and Management.

Buildings and Community Systems

The buildings sector accounts for approximately 36 percent of our total national energy consumption. In residential buildings, space heating, water heating, and refrigeration use the largest amounts of energy; in commercial buildings space heating, lighting, and air conditioning use the largest amounts. Significant energy savings can be achieved by improving the efficiency of these and related building functions. The goal of our Buildings and Community Systems research is to advance the technologies that will make these savings possible.

The FY 1986 budget for the Buildings and Community Systems is $37.3 million. These funds will be used to conduct three major efforts: (a) research and development into advanced technologies that will increase the energy efficiency of buildings; (b) information and technology transfer activities that will make the results of our R&D available to potential users; and (c) implementation of the building energy regulatory programs mandated by Congress.

Research and development activities consist of three subprograms: Building Systems, Technology and Consumer Products, and Community Systems.

We are requesting $12.9 million for the Building Systems subprogram in FY 1986 to continue support for a variety of research, including: methods of making building shells more energy efficient; ways to maintain acceptable air quality in energy efficient buildings; and methods to predict and measure the energy performance of buildings to make them more energy efficient. We are also proposing new initiatives to investigate the impact of design techniques and construction quality on the energy efficiency of buildings and to begin development of a quantified definition of lighting quality needed for commercial building guidelines and consensus standards.

The Technology and Consumer Products subprogram conducts research that will increase the efficiency of energy-related equipment used in buildings. We are requesting $9.4 million for this subprogram. These funds will be used for research into advanced technologies which support development of thermally activated heat pumps, advanced lighting concepts, combustion heating systems, and refrigeration equipment and appliances.

The Community Systems subprogram supports research leading to the development of community-wide energy delivery and energy management systems. We are requesting $2.0 million for this subprogram. It will be used for research to advance district heating and cooling systems technologies, for assistance to cities in assessing the feasibility of district heating and cooling for their communities, and for studying the impact of site design and orientation on energy use in clusters of buildings.

Our information and technology transfer activities for the Buildings and Community Systems program are carried out under the Analysis and Technology Transfer subprogram. Recognizing the importance of making the results of our research available to the private sector, I want to emphasize the importance we attach to this program in FY 1986. We are requesting $3.4 million for it, which will enable us to expand our technology transfer activities. This expansion includes new initiatives to facilitate voluntary energy conservation programs by the utilities, research on consumer responses to help us improve the effectiveness of our information and technology programs, and a fellowship program to help support buildings energy studies by university and industry researchers at the national laboratories. We also propose to continue our cooperative efforts with the International Energy Agency and our program assessment and research utilization activities. These funds will also enable us to carry out a study that the Rural Housing Amendments Act of 1983 requires us to conduct to compare the energy impact of national manufactured housing safety standards with HUD and Farmers Home Administration standards.

Buildings and Community Systems is responsible for implementing four Congressionally mandated regulatory programs: Energy Conservation Standards and Guidelines for New Buildings, Residential Conservation Service, Appliance Standards, and the Federal Energy Managemnent Program. Energy Conservation Standards and Guidelines for New Buildings is implemented as part of the Building Systems subprogram and $1.2 million of the funds requested for Building Systems is for Standards and Guidelines activities. The other three are implemented as individual subprograms for which funding is specifically identified in our budget request. We are requesting $3.9 million for these three subprograms.

Of the $3.9 million, $0.4 million is requested for the Residential Conservation Service. It will be used to continue the Commercial and Apartment Conservation Service portion of that program. The $2.0 million requested for Appliance Standards will be used to develop and maintain appliance test procedures in support of the Federal Trade Commission's labeling program and to continue the Appliance Standards rulemaking activities mandated by the legislation. The $1.5 million requested for the Federal Energy Management Program will be used to provide coordination, technical guidance, and assistance to Federal agencies regarding the Federal Government's in-house energy conservation efforts and to fund the program evaluation and reporting activities required by the legislation.

We are requesting $2.2 million for capital equipment in support of the Buildings and Community Systems program in FY 1986. These funds will be used to continue to equip the Roof Test Center at the Oak Ridge National Laboratory, and for diagnostic, computer data logging, and laboratory test equipment to support indoor air quality, building equipment, district heating and cooling and FEMP program activities at DOE national laboratories and universities.

Finally, we are requesting $3.5 million for program direction funds to cover personnel salaries, benefits, travel, and other support to manage all the Buildings and Community Systems programs.

Transportation

The FY 1986 budget request for the Transportation program is $43.0 million to continue R&D in five subprograms: Vehicle Propulsion R&D; Electric and Hybrid Vehicle R&D; Transportation Systems Utilization; Alternative Fuels Utilization; and Advanced Materials Development. These activities focus on the transportation sector, which consumes 9 million barrels of oil per day and accounts for approximately 27 percent of total national energy consumption and about 61 percent of total use of petroleum. The goal of the Transportation program is to provide the technology base necessary to support private sector efforts to improve energy efficiency in transportation and to develop new technologies which can serve as alternatives to those based exclusively on petroleum.

In FY 1986 $20.1 million is requested for the Vehicle Propulsion subprogram which supports research and development of high efficiency and advanced heat engine technologies. This area includes R&D on the automotive gas turbine and the adiabatic diesel engines and carries out a number of related technology transfer and technology assessment activities. The goals for both the gas turbine and the adiabatic diesel projects are to develop proof-of-concept engine designs which result in at least a 30 percent improvement in energy efficiency over existing technologies, meet current standards for emissions, safety, and noise, and can use several different alternative fuels.

In FY 1986 $6.1 million is requested for the Electric and Hybrid Vehicle subprogram which supports R&D activities necessary to advance the technologies of batteries and propulsion systems for passenger car and commercial van or light truck applications. These funds will be used to continue the development, test, and evaluation of experimental lead-acid, nickel-iron, and sodium-sulfur battery systems and a number of integrated propulsion systems, including advanced powertrains.

The Transportation Systems Utilization subprogram is designed to encourage improved energy efficiency in transportation systems use. The FY 1986 budget requests $1.2 million to support the publication of the Gas Mileage Guide, collection, analysis and distribution of transportation energy utilization data, and development of technology transfer plans.

In FY 1986, $1.6 million is requested for the Alternative Fuels Utilization subprogram, which is designed to encourage the use of non-petroleum based fuels in transportation. These funds will be used to conduct systematic investigations into the fundamental behavior of alternative fuels in current and advanced engines; to develop and maintain data bases on the properties of fuels derived from oil shale, coal, and biomass; and to continue with Phase I of the Methanol-Fueled Federal Fleet Implementation project.

In FY 1986, $9.3 million is requested for the Advanced Materials Development subprogram. This area addresses the need to develop new materials and engine components that can withstand the high temperatures and corrosive environments of advanced improved-efficiency propulsion systems for transportation applications. The funds will be used to develop a technological base in ceramic and ceramic composites through research into the fundamental areas of ceramic materials processing, design methodology, materials characterization, and useful life prediction. To support advanced materials research in both industry and government, $3.0 million is also requested to complete construction of the user-oriented High Temperature Materials Laboratory at Oak Ridge, Tennessee.

Finally, $1.7 million is requested for program direction of the Transportation program, including the development of the strategy, plans and resource requirements, and integrated program management.

Industry

The FY 1986 budget request for the Industrial Programs is $35.5 million. These funds will be used to carry out work in four subprograms: Waste Energy Reduction, Industrial Process Efficiency, Industrial Cogeneration, and Implementation and Deployment. The goal of these activities is to encourage improved energy efficiency in industry, which accounts for approximately 37 percent of total U.S. energy consumption. The Department's activities in the industrial area consist of a comprehensive program of carefully targeted technological research and development, combined with technology transfer and other implementation efforts. The R&D activities focus on selected high risk ventures which are not likely to be pursued by the private sector alone and most are carried out by private institutions operating under cost-shared contracts or cooperative agreements with the Department.

The Waste Energy Reduction subprogram supports research and development on improved combustion efficiency through oxygen enrichment, improved burner designs, and sophisticated combustion controls; waste heat recovery by development of industrial heat pumps, high temperature recuperators, and ceramic materials for heat exchangers; and research into waste materials utilization and CO_2 generation and recovery. In FY 1986 $12.3 million is requested for this subprogram.

The Industrial Process Efficiency subprogram includes R&D for a major effort in thin strip casting of steel, inert anode materials, advanced sensors and control systems, advanced separation systems, and gasification of wood-derived process liquids for use as fuel. In FY 1986 $13.5 million is requested for this subprogram. This R&D effort is aimed at achieving as much as 1.0 quadrillion BTU worth $5 billion of potential energy savings per year.

The Industrial Cogeneration subprogram focuses on research for externally-fired Brayton cogeneration systems, cogeneration systems powered by diesel engines fired by water slurries, and thermionic burner systems. In FY 1986 $4.7 million is requested in this area.

In addition to the R&D projects which will be funded by the FY 1986 request, there are a number of other R&D projects which are ongoing and supported by prior year funding. These projects include fluidized-bed waste heat recovery systems, conversion of waste materials, laser based sensors, sensors for papermaking processes, separation systems, and cogeneration component research, all of which have significant energy conservation potential.

The Implementation and Development subprogram continues support for the Energy Analysis and Diagnostic Centers at 12 universities, carries out the Congressionally mandated Industrial Energy Efficiency Reporting program and supports a number of activities for technology transfer. These include targeted workshops, support to selected energy conferences, and the development of written materials describing the industrial energy conservation technology and R&D results. Altogether, $3.2 million is requested for this subprogram.

Multi-Sector

The Multi-Sector Program includes the Energy Conversion and Utilization Technologies (ECUT) program, the Energy Related Inventions program, and the National Appropriate Technology Assistance Service (NATAS). The FY 1986 budget request for Multi-Sector includes $20.7 million for ECUT, $5.0 million for the Energy Related Inventions program, and $1.0 million for NATAS.

The Energy Conversion and Utilization Technologies research programs are oriented toward basic research and crosscutting R&D problems common to more than one energy consuming sector. They also provide predictive models and design tools useful to the private sector in achieving greater energy productivity. The requested funding will be used to conduct research in four subprogram areas: Combustion and Thermal Sciences, Materials Sciences, Biocatalysis, Tribology, and International Research Monitoring.

In FY 1986 $6.5 million is requested for Combustion and Thermal Sciences Subprogram. Combustion research provides analytical and measuring techniques needed to understand the thermochemical and related processes that take place in the combustion of fuels and in the conversion of the released thermal energy to work. The results of this research are used to develop efficient, clean, and reliable combustion systems and devices. Thermal Sciences research develops improved thermodynamic analytical capabilities and experimentally validated computerized data bases. These are needed to provide the technological base used to improve heat transfer processes, reduce heat transfer surface area requirements, and minimize vibration induced by fluid flow through heat exchangers. In FY 1986 research will continue to develop advanced analysis techniques and to generate a technological data base for the physical sciences of thermodynamics and heat and mass transfer.

The $6.0 million requested for Materials research will be used to investigate and modify the characteristies of high-temperature materials, lightweight materials, and corrosion resistant materials. Certain materials such as Long-Range Ordered (LRO) Alloys and Intermetallic Compounds, both of which have highly ordered atomic structures, have great potential for improving the efficiency and performance of high temperature processes, but have not yet been utilized because of their characteristic brittleness. Also, research on high-temperature materials in other areas will be expanded in FY 1986. The $3.3 million requested for Biocatalysis research will be used to establish a technological data base for the development of new techniques to manufacture industrial and commercial chemicals using biological systems analogous to conventional processes in chemical engineering. The 3.3 million requested for the Tribology subprogram will be used for research on lubricants, friction and wear to ceramics, and coatings on machine tools that reduce heat and last longer.

Other ECUT funding requested in the proposed FY 1986 budget will be used to assess the status of foreign technologies related to energy conservation and compare with U.S. technologies.

The FY 1986 budget requests $5.0 million for the Energy Related Inventions program. This program was established to evaluate the technical merits of energy related inventions submitted to DOE and to provide technical assistance and grants to further develop promising inventions. The National Bureau of Standards (NBS) conducts evaluations through its Office of Energy Related Inventions. Promising inventions identified by NBS are directed to DOE for further assistance to investigate sources of private sector funding or for direct support where private sector support is not available. From program inception in 1974 through 1984 approximately 20,600 energy saving inventions had been evaluated by NBS. Based on NBS recommendations, 192 inventions were awarded grants totaling $14 million. Of these, 36 have entered the marketplace generating sales of $110 million and creating more than 900 direct jobs.

In FY 1986, the $5 million requested will support the analysis of approximately 2000 proposed inventions, and financial support for approximately 40 of the most promising inventions. During FY 1986, DOE will continue to work one-on-one with inventors to provide business planning assistance, and will conduct workshops which we have tested and found to be very helpful to inventors in dealing with the various and complicated aspects of commercialization.

Appropriate Technology

The Appropriate Technology program was established to support the development and demonstration of small-scale energy technologies that were matched in scale and nature to local needs. Over 2,000 projects were supported, and almost 900 development projects were completed, to advance the state-of-the-art in appropriate technology. In FY 1983, Congress appropriated funds to establish the National Appropriate Technology Assistance Service (NATAS), to disseminate information on the energy conservation technologies developed through this program and to give expert advice and guidance in using them effectively. NATAS was established in FY 1984, and to date has received over 4,000 requests for information and assistance.

The FY 1986 Budget Request contains $1 million for NATAS, for the continuation of information and technical assistance to individuals and small businesses.

FY 86 BUDGET REQUEST FOR STATE AND LOCAL ASSISTANCE PROGRAMS

Besides conservation research and development, the FY 1986 budget request supports the conservation grant programs for low-income weatherization, energy efficiency improvements for schools and hospitals, and energy planning and information assistance for State and local governments.

These programs have supported energy conservation activities on the part of States, local governments, small businesses, and individuals since 1976. This support has included direct grants, technical assistance, training for State and local personnel, demonstration programs to encourage technology transfer, and personalized information services. The programs administered by this Office are the Weatherization Assistance Program, the Institutional Conservation Program, the State Energy Conservation Program, and the Energy Extension Service. These programs have accomplished a great deal since 1976. Over 1.3 million low-income homes have been weatherized. Over 15,000 grants have been awarded to schools and hospitals, funding energy conservation projects in some 38,000 institutional buildings. Comprehensive energy conservation programs and information outreach programs are in place in the 57 States and Territories, and through these millions of people have been aided in using energy more efficiently. Just as important, many efforts initially seeded by these programs have spun off into private enterprises, multiplying the benefits developed and demonstrated.

Much more remains to be done, and in FY 1986 the Department will be steadily increasing its work with States, local governments, and private interests to broaden the base of support and management of these programs -- to move from programs dominated by Federal financial support to greater reliance on State, local government, and private sector support. The FY 1986 budget request for the State and Local Assistance Programs represents the first year of a graduated five-year phase down of Federal financial support for the four categorical grant programs -- the Weatherization Assistance Program, the Schools and Hospitals Grant Program, the State Energy Conservation Program and the Energy Extension Service. We intend to request a 20% reduction in funds from FY 1985 levels each year, concluding in FY 1990. Our assumption is that, by accelerating our efforts to encourage our non-federal partners in assuming financial responsibility or in developing self-sustaining programs, the federal funding can be reduced accordingly.

During these five years, DOE will continue to work intensively with States, local governments, and private interests to identify alternative sources of funding for program activities and to transfer to the States and others the knowledge gained from nine years' experience in operating these programs. Many activities have been shown to be sufficiently beneficial that clients will pay for services or business interests will invest in them. However, we do need to do more in sharing information about these success stories.

Let me briefly describe the status of the State and Local activities planned for FY 1986.

Energy Extension Service

The Energy Extension Service (EES) enables the States to provide tailored information and specialized and technical assistance to small scale energy users -- such as small businesses, local governments, and homeowners -- to help them decide what are their most effective energy conservation and renewable options. EES funds require a 20 percent State match of funds or services.

EES functions in an integrating and coordinating role for existing resources and delivery mechanisms, and provides demonstrations and evaluations of existing technologies. It connects energy users with the most effective and appropriate energy conservation measures to meet their needs and as a direct result increases the market for energy services offered by the private sector. It also represents a channel for technology transfer common to all States.

The FY 1986 Budget Request of $7.8 million will enable EES to continue to identify, analyze, and evaluate energy conservation technologies and to transfer this information to energy consumers. DOE's program activities will have a two-fold emphasis in FY 1986. DOE will work with State and local governments to craft a new form of the program, spelling out the roles each entity plays and the relationships between them, and increasing the use of State resources to meet State needs. DOE will also work with States and private interests to develop alternate support for effective programs and to encourage private operation of profitable energy services. There are already such spinoff examples -- models for States to follow -- and DOE will encourage additional such innovations.

Weatherization Assistance Program

The Weatherization Program provides for the installation of standard energy conservation measures in the homes of low income persons across the country. Priority is given to the elderly and the handicapped. Low income persons frequently occupy older, poorly insulated homes and are the least able to absorb high energy costs or afford energy conservation improvements. In cold climates, low income families spend 30-40 percent of their income on energy -- as compared to middle income families, who spend 7-10 percent. Through the Weatherization Program, the energy efficiency of these homes is increased by lasting improvements such that energy consumption can be permanently reduced. A national evaluation of the Weatherization Program has shown an average home heating energy savings of nearly 14 percent in weatherized homes. This lowers energy costs each year for those who can least afford them, contributes to more healthful living conditions, and also contributes to our national goals of reducing dependence on foreign oil. The study also shows that in 23 percent of the sample groups, energy consumption increased following weatherization. DOE has commissioned a further analysis of factors contributing to this behaviorial change.

In FY 1986, $152.9 million has been requested to weatherize approximately 148,000 low-income homes. Program activities will include development of a series of "lessons learned" which can be used by program operators at the State and local levels. This material will focus on DOE's experience with weatherization approaches and business management strategies which have proven most effective over the past nine years, the latter being especially useful to program operators as the federal grant funds are gradually reduced.

Also in FY 1986, DOE will issue 50 program opportunity grants for States and local agencies to demonstrate strategies for carrying out weatherization activities without Federal funds -- both for business development strategies and alternative financing strategies.

Schools and Hospitals Grants Program

The Schools and Hospitals Program, also known as the Institutional Conservation Program (ICP), provides 50 percent matching grants to institutions to support energy conservation in the target sector. Energy costs for schools and hospitals amount to around $12 billion each year. This represents a large part of the operating budgets of public and non- profit institutions, which often have difficulty financing energy conservation projects because of their extremely limited opportunity for capitalization.

A 1982 DOE evaluation found that grantees saved approximately 13 percent on energy consumption. Moreover, investments were cost-effective; total costs averaged $7.90 per barrel of oil equivalent saved. The average payback on funded projects was less than two years. With these short payback periods, incentives exists for schools and hospitals to undertake energy conservation projects with reduced Federal assistance.

In FY 1986, $37.6 million is requested for the Schools and Hospitals Program to fund approximately 980 matching grants to institutions for technical assistance analyses and installation of energy conservation measures in some 2400 school and hospital buildings. In addition, DOE will implement a multiyear strategy to identify ways to encourage energy conservation investments in institutions while phasing down the federal funding role. This strategy will be developed during FY 1985, based on assessments of the current program provided by key constituencies and the results from numerous pilot projects dedicated to alternative financing options. In addition, a series of "lessons learned" will be provided to the ICP clientele, along with training programs for building operators in proper operations and maintenance practices.

DOE will also use a portion of the FY 1986 appropriation for developmental grants to enable States to assist their institutions in gaining access to alternative sources of funding for energy conservation projects. Case studies resulting from these activities will be used to assist other States in preparing to carry out program activities in the absence of federal funds.

EPCA Grants

The Energy Policy and Conservation Act (EPCA) Grants, also known as the State Energy Conservation Program (SECP) provide States with the means to plan, establish and implement energy conservation plans which address the specific priority energy needs of each State. SECP funds require a 20 percent State match of funds or services.

Under SECP, States were required to establish energy conservation goals and to implement both mandatory and discretionary programs to meet those goals. Those requirements have been met and comprehensive plans are in effect in each of the 57 States and territories. The States have developed the capability to plan and implement State-wide energy programs tailored to meet each State's unique energy requirements and to plan for emergency situations. The program has built networks within and among States to bring organizations and groups together to operate effective energy programs.

The FY 1986 budget request of $18.8 million will enable the States to continue development and implementation of effective efficiency programs and to expand their capability for working with non-federal organizations in the delivery of those programs.

In FY 1986 DOE will work with the States to find alternative sources of support for program activities, and will assist them in developing mutually beneficial working relationships with other groups that can help them continue and even expand their most successful activities.

In conclusion, therefore, the Administration asks that this budget request be given every consideration for funding at the levels requested. Thank you for the opportunity to testify today.

INTRODUCTION OF ASSOCIATES

Ms. FITZPATRICK. Thank you, Mr. Chairman.

On my right is Dr. Robert San Martin, who is the Deputy Assistant Secretary for Renewable Energy; on my left is Mr. Frank Stewart, who is the Director of the State and Local Assistance Program Office; and Mr. Alan Streb, who is the Deputy Assistant Secretary for Conservation.

Senator MCCLURE. Thank you very much.

Let's begin with transportation first. For fiscal year 1986 you have proposed a budget totaling $42,975,000. This represents a decrease of $18,820,000, or 30 percent below the fiscal year 1985 level.

STIRLING ENGINE DEVELOPMENT

With regard to the Stirling engine development, you have indicated that the program will be completed in fiscal year 1985. In fiscal year 1984 you completed the industry evaluation of the Stirling engine by General Motors Corp. and John Deere.

What stage of development will the MOD–I engine be at by the end of the fiscal year?

Ms. FITZPATRICK. We have built MOD–I engines and they have been tested and evaluated by industry.

Senator MCCLURE. Did the results of those evaluations that you have made impact your decision not to request funding for further development?

Ms. FITZPATRICK. Yes; they did influence us, because neither one of those companies expressed any great interest in pursuing the development of the Stirling engine for transportation application.

Senator MCCLURE. Was there something in your own evaluation that indicates that it is not promising? Or is it based primarily upon the reaction of the companies that were involved?

Ms. FITZPATRICK. No; we also had concluded that the engine is really not suitable for transportation, mostly because it has a problem in responding to different power loads. It is good for an application where the load is constant but not very good for transportation.

Senator MCCLURE. Your request indicates that you will complete a paper design of the MOD–II engine and continue technology base development in fiscal year 1985. Yet you also indicate that the program will be completed in fiscal year 1985.

If the program is completed in fiscal year 1985 what do you plan to do with the paper design of the MOD–II engine?

Ms. FITZPATRICK. We would make that design available to industry for their use in development when we complete it this fiscal year.

Senator MCCLURE. Do you expect that private industry will continue development of that engine either in transportation or in any other application?

Ms. FITZPATRICK. We have seen some interest in nontransportation applications. I understand there is some interest in adapting the engine for an irrigation pump in agriculture; there has also been some interest from the Department of Defense, and, in fact, they have asked to borrow a couple of our engines for some testing in electrical generation sets.

Senator McClure. When we started out on the Stirling Engine Test Program it was contemplated as a part of that project, wasn't it, that there would be more than one model necessary? We didn't really expect that MOD–I would be the end of the process, did we?

Ms. Fitzpatrick. No; I'm sure everybody at that time thought there would probably be a progression of models, yes.

Senator McClure. When you talk about being completed in 1985 you're talking really about completion of one step or one phase in the process.

Ms. Fitzpatrick. Yes; we are talking about completion of the design work and some of the component work for the MOD–II. That would be complete. What we are saying at this time is that, for the application for which we were assigned to develop the engine, the transportation application, we think that it would not be worthwhile to continue the development of the engine.

Senator McClure. If DOE terminates its role in this project, will there be any termination costs?

Ms. Fitzpatrick. We are prepared now to make a timely termination of that contract so that all termination costs should be covered under fiscal year 1985 appropriations. So we would not need any additional funds for that.

Senator McClure. But there will be some termination costs?

Ms. Fitzpatrick. Yes; there will be some termination costs.

Senator McClure. Do you know what those costs will be?

Ms. Fitzpatrick. I don't know. We can supply it for the record.

Senator McClure. If you would, please.

Ms. Fitzpatrick. Certainly.

[The information follows:]

Stirling Engine Development Termination Costs

Termination costs for the Stirling engine development have been estimated to amount to $2.9 million. All contract termination costs are subject to negotiation. If contractor notification is accomplished by June 30, 1985, these costs could be funded under our fiscal year 1985 appropriation.

ETX-II PROPULSION SYSTEM

Senator McClure. In fiscal year 1985 the Department costed out prior years' obligations to fund the exploration of the next generation of technologies for the single-shafted a.c. propulsion system, also known as the ETX–II. In the fiscal year 1986 request you are proposing to only complete fiscal year 1985 activities and have not requested any funds.

Will prior years' obligations also be costed out to fund activities in fiscal year 1986?

Ms. Fitzpatrick. Mr. Chairman, on the single-shaft a.c. engine, we have a contract which was just let early this year, and it will carry over into fiscal year 1986. So we don't really need additional funds at this time because that contract is funded.

Senator McClure. Is it fully funded?

Ms. Fitzpatrick. It is fully funded under this year's appropriations. We would look to the results of that contract work and evaluate it and decide whether we should be making a request in fiscal year 1987.

Senator McClure. Can you provide for the record how much will be spent during fiscal year 1985 and is proposed to be spent in fiscal year 1986 for this work?

Ms. Fitzpatrick. Yes; we will.

[The information follows:]

ETX-II Propulsion System Funding and Activities

The contract for the ETX-II single-shaft a. c. propulsion system is a cost-shared, 4-year contract for the design, fabrication, and test of a proof-of-concept system for commercial van application, which was entered into in fiscal year 1985. The funding available in fiscal year 1985 is $1.07 million which will be used to complete the conceptual design phase of the ETX-II propulsion system. This work will continue into the early part of fiscal year 1986.

HYBRID AND ADVANCED VEHICLE PROGRAM

Senator McClure. Along that same line of questioning, in both the hybrid vehicle R&D and the advanced vehicle R&D you indicate in the fiscal year 1985 key activity summary that this research is promising. Yet in both cases you have no activities planned in fiscal year 1986 and have not requested any funds.

I am as concerned as anyone is about the current constraints on our budget, but I am becoming very concerned that funding we have provided for promising projects in past years will be wasted because we are not planning any further activities and these projects are being left half finished. There are some apparently you concluded aren't worth going any further with, and the others you have concluded you just won't go any further with.

Ms. Fitzpatrick. Maybe I can reassure you on that, Mr. Chairman.

Senator McClure. All right.

Ms. Fitzpatrick. In the hybrid vehicle area, we have completed the work as we originally planned it. Ford Motor Co. now has the information that we developed; they have shown an interest in continuing that development for their own products. So we think that we have successfully completed that work on hybrid vehicles.

Senator McClure. Has anyone else expressed any interest?

Ms. Fitzpatrick. I haven't heard. Perhaps Mr. Streb can tell us whether he has heard that anyone has.

Mr. Streb. Senator, the effort on the hybrid, the work that was undertaken in 1985, was primarily to develop an evaluation tool which can be used by the industry. We are aware of interest that has been expressed specifically by Ford Motor Co. I am not personally aware of other interests, but there may be some. If so, we will furnish it for the record.

[The information follows:]

INTERESTS IN HYBRID VEHICLE DEVELOPMENT

A number of companies in the private sector have indicated interest in hybrid vehicle technologies. Some of these, such as General Electric Corp., Volkswagen, and Triad Corp., have participated in the Government funded program in the past and indicated continuing interest. Others, such as General Motors Corp., Fiat, Lucas Chloride, Daihatsu, and smaller firms like Unique Mobility and Minicars, have shown an interest in the Department's program by requesting technical reports of the hybrid vehicle development. A number of these firms are developing experimental hybrid vehicles (Fiat, Lucas, Daihatsu, Unique-Mobility). The mathematical model developed by the DOE program for the analysis of hybrid options has been made available to these firms. This model was the basis of an unsolicited proposal by the Ford Motor Co. for an optimization study of hybrid options that is being negotiated by the Department.

HYBRID VEHICLES

Senator McCLURE. Expressed interest is a very nebulous term, isn't it? Does that mean somebody from Ford Motor Co. walked through the door one day and said, "Hmmm, that's interesting."? Or is it more concrete than that?

Mr. STREB. I am not quite sure what form the interest took, sir. The Ford Motor Co., which has been very active in electric vehicles, has indicated an interest in using this basically as an optimization tool that was developed under this program for optimizing a hybrid vehicle.

Senator McCLURE. What is going to be done with the results of the research that we have done so far?

Ms. FITZPATRICK. It has been made available to industry. We work with industry groups to keep them informed about what we are doing. As you say, if they express an interest in pursuing the line of research that we have done, then we certainly give them every assistance.

Senator McCLURE. How about the advanced vehicle R&D?

Ms. FITZPATRICK. That in the Transportation Program is in a bit of a pause, and the reason is that we are pursuing the development of batteries and fuel cells within the Electric Storage Program. Those two programs work closely together and feed into each other. So when we have some work on some advanced batteries, such as the lithium metal sulfide batteries that is going on in the Storage Program, when that is ready to be applied to transportation then we will do that.

Senator McCLURE. Is there industry interest in that, that will be picked up? Or is that just research that is going to be in effect placed on the shelf and available to people?

Ms. FITZPATRICK. That is at a fairly basic level at the moment, Mr. Chairman, but we would certainly keep industry apprised of what we are doing and hope that they would pick it up when it becomes more advanced.

Senator McCLURE. As I read it, you don't plan to be doing anything more; is that correct?

Ms. FITZPATRICK. I was thinking of what is going on in the Storage Program, which then moves into the Transportation Program to be applied to a vehicle.

DRIVER ENERGY CONSERVATION AWARENESS TRAINING

Senator McCLURE. In fiscal year 1985 the Department received $392,000 to implement a nationwide Fuel Efficiency Driver Training Program at selected regional sites and the Nevada operations office. The project is designed to include driving instructors from State and local agencies, high schools, and private industry. However, in the 1986 request no activity is planned for this project.

Do you expect that this project will be fully implemented at the end of fiscal year 1985?

Ms. FITZPATRICK. Yes, Mr. Chairman; we do. We have had a great deal of success with that project. We have had 30 some States come and have their people trained at our center in Nevada, and so we think that it will be virtually complete by the end of this fiscal year.

Senator McCLURE. How many States?

Ms. FITZPATRICK. Thirty-four was the last count that I heard, sir.

Senator McCLURE. That means there are 16 that haven't come.

Ms. FITZPATRICK. That's right.

Senator McCLURE. And all the instructors that can be trained have been trained.

Ms. FITZPATRICK. We invited them to come, sir.

Senator McCLURE. And they are not coming anymore; is that right?

Ms. FITZPATRICK. Some did not accept the invitation; that's correct.

Senator McCLURE. You see, I am a little bit puzzled by this terminology: "the activity is completed"; "the program is done." It seems to me that there is no neat end to it other than the fact we have decided not to do anything more.

Ms. FITZPATRICK. Part of the Training Program, as I understand it, is that the people who are trained are trained not only to drive efficiently themselves, but also to train others to drive, and so we should have trained by the end of this fiscal year a large number of people who are also equipped to train others.

Senator McCLURE. I am sure that is true, but that doesn't mean that you have trained all that can be trained; you've just decided you've trained as many as you intend to train.

Ms. FITZPATRICK. Yes, sir.

Senator McCLURE. Isn't that a better way to say it then to say we've done the whole job? You've decided it isn't worth the money anymore.

Ms. FITZPATRICK. Yes, sir.

Senator McCLURE. Are the States taking over the program? Do you have any evidence that it will be continued?

Ms. FITZPATRICK. If I could ask Mr. Stewart to answer that.

Mr. STEWART. Yes, sir; there is strong evidence in that regard. In fact I visited the State of Mississippi early this year, and they have instituted a program of training all of the school bus drivers for the entire State over the next year and a half. They expect something on the order of a $5 million annual savings on their school budget as a result of that activity. More and more States are picking it up for training fleet drivers.

Senator McCLURE. Will there be any effort or any focal point in the Department to follow through to see whether this is being done? Or will you simply just be there as an asset with whatever has been done and if people are interested they can call?

Mr. STEWART. The State Energy Grant Program has as one of its requirements for State plans that the States undertake some project in the area of transportation. A number of them have taken driver education as one of those kinds of elements. We also have instituted a series of workshops and information sharing activities among the States. As the success of instances like Mississippi and others become known among the States my expectation is that more of them will pick up that kind of undertaking as well.

Senator McCLURE. But from the end of the fiscal year 1985 it will not be an outreach program; it will be one of response if there is any interest; you don't have any plans to stimulate activity or conduct activity in this area; is that right?

Ms. FITZPATRICK. We would not be conducting a training program; that's correct, yes. We would certainly include it in the things that we would suggest and encourage States to do.

RIDESHARING

Senator McCLURE. In fiscal year 1985 the Department received $774,000 to initiate a program to encourage ridesharing. This program included the identification and removal of barriers such as income tax and zoning regulations, and assisting State, local, and private sector groups to develop initiatives to promote ridesharing. The fiscal year 1986 request indicates that there is no activity planned.

Since you initiated the program last year have you found the program unworkable or unproductive and, therefore, decided not to request funds for it this year?

Ms. FITZPATRICK. No, sir; we have funded that study which will begin very shortly. We have let the contract for it. We expect that actually the study itself will extend beyond this year, but the contract is funded with the present appropriation. So we will be developing over the next 2 years a study of what the States can do in the regulatory field, for example, and we will be providing a report on that to the States with a plan for how they can improve ridesharing and van pooling opportunities.

Senator McCLURE. Do you have a spendout schedule for that broken down between 1985 and 1986 fiscal years?

Ms. FITZPATRICK. Yes, sir; we will provide that for the record.

Senator McCLURE. Do you have a program completion date?

Ms. FITZPATRICK. Could I ask Mr. Streb to answer that, please?

Senator McCLURE. Yes.

Mr. STREB. Senator, the way the program is currently structured—and we are actually still in the negotiation stages with Oak Ridge on how the final program should be constituted—it will, in fact, extend out over a period of about 2½ years. So it will extend until about the end of 1987.

Senator McCLURE. Could you include, then, the breakout of the funding by each of the fiscal years as well as target dates and the shape of the program when you have completed the negotiations?

Mr. STREB. We will provide that for the record.

I should point out that the final product is not delivered at the end of that time period; there are products along the way which are of value. One of the main thrusts of the effort is to attempt to sell the employer on encouraging his employees to adopt ridesharing because it is a benefit to him.

Senator McCLURE. If you could give us some progress reports rather than waiting until our oversight hearing a year from now it would be helpful to us to know what is being done and what results you are getting. I don't have a fixed reporting date, but if you could give us some periodic reports as to what it is doing it would be helpful to us.

[The information follows:]

RIDESHARING PROGRAM

The major effort in the Ridesharing Program has been the development by Oak Ridge National Laboratory [ORNL] of a Ridesharing Program plan to assist State, local, and private sector groups to develop initiatives to promote ridesharing. The final draft of the plan is currently being reviewed and is scheduled for publication in May 1985. The plan is focused in two major areas: an Employer/Developer Marketing Program and a Capital Facility Promotion Program (that is, to foster high occupancy vehicle lanes). The plan and its focus resulted from interviews with Federal, State, and local governments and organizations involved in ridesharing.

In addition to the plan, analyses, and reports will be prepared on employer benefits to ridesharing, current insurance industry attitude and legality, and high occupancy lane use. These reports are scheduled for completion in September 1985, and will be distributed through national ridesharing associations and meetings, the State energy offices, the Federal Highway Administration Outreach Program in the Department of Transportation, and trade and professional associations. A final report of these activities will be completed in October 1985. Copies of all these reports will be forwarded to the subcommittee upon publication.

All of the fiscal year 1985 budgeted funds for the Ridesharing Program will be spent in fiscal year 1985. It is planned that the major effort in fiscal year 1985 will provide interested groups with sufficient information and data so that follow-on activities can be accomplished without significant Federal support.

ELECTRIC VEHICLE USER TASK FORCE

Senator McCLURE. In fiscal year 1985, $875,000 was allocated to the electric vehicle user task force. I note that in the fiscal year 1986 request you have not requested funding for this task force.

Is that program complete?

Ms. FITZPATRICK. No; I understand, Mr. Chairman, that many of these electric vehicle fleets will continue to operate. They are being operated for the most part by rather large corporations. I believe one of them is Detroit Edison; another one is ITT Continental Baking. They have found that they have gathered a great deal of very useful information from their experiences. We feel that we have shown them the way and that they should be willing to pick up more of the costs of continuing to operate those fleets. In many instances they are finding them very economical. So we have not proposed any further funding for that.

We will, of course, continue to monitor their experiences and gather information which we can make available to others.

Senator McClure. Is this task force funded on a joint cost-sharing basis?

Ms. Fitzpatrick. Yes, sir; it has been cost shared in large part by those companies already.

Senator McClure. What is your expectation that will happen to that when the Federal share is no longer forthcoming?

Ms. Fitzpatrick. We expect that they should find that the operation of these fleets is of such benefit to them that they will continue to operate them.

Senator McClure. If that is true, do you expect that that will automatically then be picked up by others without any further stimulus?

Ms. Fitzpatrick. No; we would continue to gather information from them and provide it to others and encourage others to make use of electric vehicles where it is economically useful to them.

Senator McClure. How are you going to do that if you have no program and no funding?

Ms. Fitzpatrick. We don't have funding to pay for hardware, for example, to put into the fleets. That is the funding that we are not asking to be continued.

Senator McClure. But you do have funding for the encouragement of the use of hardware which they would buy?

TECHNOLOGY TRANSFER

Ms. Fitzpatrick. Yes; we continue to have technology transfer as part of our program plans, and that means that we collect the information and make it available to others.

Senator McClure. That is kind of a generalized program though, isn't it?

Ms. Fitzpatrick. Yes, sir; it is.

Senator McClure. That will be a compendium; that is not a specific item, is it?

Ms. Fitzpatrick. The technology transfer?

Senator McClure. Yes.

Ms. Fitzpatrick. No; that is throughout the Transportation Program.

Senator McClure. It's a little like saying, "Well, gosh! We published it in the Encyclopedia Britannica so you don't need to publish anymore." Is that fair?

Ms. Fitzpatrick. No, sir; I think that we do try to target the information that we collect in different areas to the groups that it would be useful to.

Senator McClure. I don't sell encyclopedias, incidentally.

Ms. Fitzpatrick. We do try to identify the audiences that would need different types of information.

METHANOL CAR PROGRAM

Senator McClure. In fiscal year 1985 the Department received $980,000 to initiate the introduction of methanol-powered passenger automobiles into the Federal fleet. Vehicle specifications, site locations, data collection and analysis systems and fuel stations were to be established. Again, in fiscal year 1986 no activity is planned for this program.

Can you give me an explanation on how the program was designed to work?

Ms. Fitzpatrick. Yes, sir; that appropriation came to us along with an appropriation to the Department of Defense, and we were asked to cooperate with the Department of Defense. The Department of the Army has been working on methanol fleet use. So we have been talking to them and also working with the General Services Administration to identify places where methanol vehicle use would be appropriate in the Federal fleet.

We have worked out with them a testing plan so that we will be taking four or five different configurations of methanol engines and running some controlled tests during fiscal year 1985 and into fiscal year 1986 to determine which are the best configurations, which are the best things to do to an internal combustion engine to make it run well on methanol, because that is still a bit of an open question. We will then have information which we need to give to GSA to have them make the purchase of a large number of cars.

We have a definite plan which does not require us to have further funding beyond the $980,000 that we have through fiscal year 1986.

Senator McClure. I am a little puzzled. I know the origin of this program and I know what the congressional sponsors had in mind. But I see nothing very specific in either what you have said or what I can read in your submission and your justification as to specific activities. It doesn't cost $980,000, not even to talk to DOD. I know they are expensive, but that is some phone call. Could you be more specific or provide for the record a little bit more detail of what it is you plan to do?

Ms. Fitzpatrick. I would be glad to provide it for the record. We haven't spent the $980,000, not even on a phone call to DOD.

Senator McClure. Do you intend to?

Ms. Fitzpatrick. Yes; we will spend it, sir.

Senator McClure. Or are we getting impoundment by inaction?

Ms. Fitzpatrick. No, sir; we have a complete plan for spending it, and we will be glad to give you that for the record.

Senator McClure. If you would do that, please.

Ms. Fitzpatrick. Yes, sir.

Senator McClure.That will go over into 1986?

Ms. Fitzpatrick. Yes, sir, it will.

Senator McClure. Do you expect to have all of the money expended in the two fiscal years, 1985 and 1986?

Ms. Fitzpatrick. We would have a large part of it expended by the end of fiscal year 1986.

Senator McCLURE. If you have spent most of it by the end of 1986 you are not going to spend very much buying vehicles.

Ms. FITZPATRICK. Oh, yes, we would. I think the figure I saw was about two-thirds of it would actually go to vehicle purchase and fueling facilities.

Senator McCLURE. All right. If you would provide me with a little of that program detail, I would appreciate it.

Ms. FITZPATRICK. We will be glad to, sir.

[The information follows:]

METHANOL CAR PROGRAM PLANNING

A two-phase plan for the Methanol Car Program has been developed. In phase I a limited number of field-engineered state-of-the-art methanol fuel representative production vehicles will be procured through the General Services Administration [GSA]. It is planned that these procurements will cover three or four different configurations of 5 vehicles each for operation in moderate to warm climates and at least 10 vehicles engineered for operation in cold weather locations. Controlled fleet operations and refueling sites will be established in at least four Federal fleet locations using the engineered methanol fuel vehicles and one-on-one gasoline powered control vehicles. The operational data collected in phase I will be utilized to establish the specifications for phase II, where GSA will procure a large number (up to 1,000) production methanol fuel vehicles for integration into the Federal fleet.

The planning and coordination necessary to implement phase I of the program is well along. Communications have been established between DOE, DOD, GSA, and the U.S. Postal Service and monthly coordination and progress meetings are held. The program plan has been developed and has been reviewed by participants. An interagency agreement covering acquisition of vehicles and determination of potential vehicle allotments and sites between DOE and GSA has been forwarded to GSA for approval. The specifications for the first two prototype vehicle configurations have been completed. Five vehicles, to be retrofitted for methanol fuel by the Bank of America, have been delivered to their facility for modifcations and should enter service in the DOE San Francisco operations office fleet in June to establish a baseline for comparing the performance of the engineered preproduction prototypes being procured through GSA in phase I. Phase I is not scheduled for completion until the end of fiscal year 1986. The completion of phase I will provide GSA and Federal fleet operators with necessary specifications and data to order methanol vehicles through existing acquisition procedures.

The current estimated spending plan to accomplish the phase I effort is listed below:

Project management	$100,000
Vehicle acquisition	255,000
Data collection and field support	250,000
Fueling facilities	375,000
Total	980,000

FUNDING FOR STATE AND LOCAL ASSISTANCE PROGRAMS

Senator McCLURE. For the State and local assistance programs you are proposing a total budget of $225,579,000. This level includes $37,634,000 for schools and hospitals grants and $152,890,000 for the Low-Income Weatherization Assistance Program. Both are proposed to be funded by the use of petroleum overcharge funds. The transfer of these funds must be authorized through separate legislation.

Last year you proposed to establish the Petroleum Overcharge Restitution Fund to fund these programs and the Low-Income Home Energy

Assistance Program. That idea was not wholeheartedly embraced by the Congress and the legislation was never acted on.

Has a change been made in the proposed legislation or in the situation that leads you to believe that Congress this year will look at it differently?

Ms. FITZPATRICK. Mr. Chairman, the legislation which should be ready very soon is not identical to last year's legislation. We think we have made some changes in it, some of them in response to the concerns that were expressed last year. We think our suggestions will be more manageable. So we are more hopeful of success. Also we know that the Congress together with the administration are very concerned about the deficit problem.

Senator MCCLURE. You hope.

Ms. FITZPATRICK. Well, we are making this proposal and we would work with you to try to satisfy your concerns with it.

Senator MCCLURE. Certainly the Congress is focusing on the budget deficit question with a little bit more determination this year than last, and that is hopeful, I guess. At least I hope that it is true. But so many of the proposals we get in the administration's budget proposal this year are the same ones we have seen two or three or four times before and the Congress has rejected them before. I suspect I know what happened. You were asked to produce a certain number of savings and between you and OMB you produced a list and it wasn't enough. So somebody said, "Well, we've got to come up with some dollar savings." They said, "Well, what have we got on the shelf?" And you went back to a lot of things Congress has rejected in the past and added them to the list. Isn't that right?

Ms. FITZPATRICK. I won't say that never happens, Mr. Chairman, but I can't say that that is what happened in this case; I'm not aware that it happened in this case.

Senator MCCLURE. You think there is a difference in this case.

Ms. FITZPATRICK. I think that this has been an abiding idea.

Senator MCCLURE. Ideas abide a long time in OMB. They outlast administrations. After all, Presidents come and go but OMB lasts forever. You've had some experience with that, haven't you?

Ms. FITZPATRICK. Yes, sir.

Senator MCCLURE. You've seen some of those fellows that have been around down there for 20 years and they haven't changed their ideas, and some haven't changed their clothes, in 20 years. [Laughter.]

Ms. FITZPATRICK. They certainly have a life of their own, Mr. Chairman.

Senator MCCLURE. The National Governors' Association wasn't very enthusiastic about this proposal last year; have they changed their mind and decided to support the proposal?

Ms. FITZPATRICK. No; I've had no indication that they have changed their mind.

Senator MCCLURE. So you anticipate having to overcome their opposition.

Ms. FITZPATRICK. Yes, sir; we would continue to discuss it with them.

Senator McCLURE. Another $980,000 phone call. Well, this one isn't quite that expensive; it's only $152 million.

AVAILABILITY OF OVERCHARGE FUNDS

As I understand it, there could be as much as $6 billion available from petroleum pricing and allocation violations under the Emergency Petroleum Allocation Act of 1973. Yet you state in your request that "if receipts from this source are insufficient to match the appropriations, the balance will be derived from the general fund."

Is there really a reason to believe that these funds might not be available for this use?

Ms. FITZPATRICK. Mr. Chairman, our best projection is that $5 to $6 billion may eventually be recovered from overcharge cases. The problem is really one of cash flow: When will certain amounts of money become available as against when will they be needed for any programs that they are funding. So we have provided in the legislation that is being proposed a way to account for slippage. We can't control the judicial process. Of course, after you get through the courts we have an administrative process which attempts to identify specific victims so that restitution can be made directly. We know that that process may well lead to some shortfall at certain times in the gap between funding program requirements and what is actually available from overcharges.

Senator McCLURE. How much is in escrow now?

Ms. FITZPATRICK. I understand that there is about $850 million in escrow now.

Senator McCLURE. This program is $225 million; it seems that $850 million ought to be sufficient to cover it.

Ms. FITZPATRICK. It should be, but again the legislation will provide for some payment also into the Health and Human Services LIHEAP, Low-Income Energy Assistance Program.

Senator McCLURE. The amount of money requested there is how much?

Ms. FITZPATRICK. Their appropriation has been running in the range of $2 billion a year.

Senator McCLURE. Is it that division that causes you to doubt whether there will be enough money here to cover all of this?

Ms. FITZPATRICK. I think on a year-to-year basis, say, for the second year or the third year of the program, if moneys are paid out to schools and hospitals, low-income weatherization and the HHS program in the first year, it may be that there would be a cash shortfall in the second or subsequent years.

PHASEOUT OF WEATHERIZATION PROGRAM

Senator McCLURE. The budget for the Weatherization Assistance Program represents the first of a 5-year phaseout of program activity, that is, with reductions of 20 percent a year from the fiscal year 1985 level of $191 million, concluding in fiscal year 1990. The goal of this 5-year strategy is to define and implement systems and methods for encouraging institutional energy conservation activity and investments while phasing out the Federal role. To facilitate this goal you would make 50 program opportunity grants available for States and local agencies to demonstrate strategies for carrying out weatherization activities without Federal funds.

Why do you think that if a particular State energy agency is awarded one of these grants it is demonstrating its capability to continue its Weatherization Program with less or completely without Federal funds?

Ms. FITZPATRICK. Mr. Chairman, I think that the States and we have begun to realize that the Federal resources that are available are not really sufficient to do the energy conservation job that needs to be done for these institutions. I think in the years that the program has been in effect perhaps 10 percent of the total job has been done. So what we are doing is encouraging the States to look for ways to add resources, to seek non-Federal resources and alternative financing, shared savings types of financing arrangements, so that they can actually apply the resources that need to be applied to finish the job. So we are not trying to tell them that they are in a trap, that we are going to give them money to learn how to get along without us; I think the States are realizing that they have to do more than they can hope to get from the Federal Government.

Senator MCCLURE. Besides these 50 program opportunity grants that I mentioned, has a detailed plan been developed to carry out this strategy of phasing out Federal support?

Ms. FITZPATRICK. We are in the process, Mr. Chairman, of developing that plan and we would be happy to share it with you later as we develop it.

Senator MCCLURE. Do you have a time schedule for the development of that program?

Ms. FITZPATRICK. We expect to have it complete by the end of this fiscal year, yes.

Senator MCCLURE. But not before then?

Ms. FITZPATRICK. Could I ask Mr. Stewart to comment on that, please?

Senator MCCLURE. Yes, certainly.

Mr. STEWART. Part of our work in developing the plan will be to interact with and dialog with the other elements of the public sector and the private sector who were involved with the activity, and until we get a chance to sit down and see where they feel their strengths and weaknesses are, what the time frames really are, until we get some kind of consensus on how it ought to be done, I think we are going to be continually trying to develop through an interactive process what the final plan will be. In terms of the meetings we have established, the plan so far looks toward a hopeful conclusion by early fall.

Senator MCCLURE. Is it merely coincidence or is there more than coincidence in the fact that you don't get the plan developed except as coincident with the end of the fiscal year?

Mr. STEWART. No.

Senator McCLURE. It doesn't seem to me that kind of strategy development has any necessary relationship to the fiscal year.

Mr. STEWART. In this instance we have traditionally held a meeting of most of the State and local representatives and the Federal representatives on the program toward the end of each fiscal year. Our objective is to meet with the individual groups within that constituency to dialog with each of them and to wrap up the overall planning activity with the national meeting in the fall.

PHASEOUT OF OTHER STATE AND LOCAL PROGRAMS

Senator McCLURE. At a rate of 20 percent a year you are also proposing to phase down and terminate in fiscal year 1990 the Federal involvement in the Schools and Hospitals Grant Program, the Energy Extension Service, and the State energy conservation programs. To accomplish this you are basically proposing to work with the States to help them broaden the base of managing and funding conservation programs in anticipation of reduced Federal funding.

Is a detailed proposal being prepared to accomplish that goal?

Ms. FITZPATRICK. Mr. Chairman, we are preparing that proposal on very much the same schedule as we just described, and we would be happy to share it with you as it is developed.

Senator McCLURE. If you will do that, please.

If States do not cooperate with you in this effort, do you feel that Federal funding will nonetheless continue?

Ms. FITZPATRICK. The Federal funding, Mr. Chairman, is distributed to each State according to the formulas that we have, and those are not dependent on the degree of State cooperation beyond what is defined already in the legislation. So we would continue Federal funding to the States.

Senator McCLURE. If they get it automatically what is their incentive to cooperate?

Ms. FITZPATRICK. The fact that many of them realize that they have a job to do in energy conservation, which is the reason why they are already beginning to look for other resources. However, you make a good point. We don't have the authority to force their hands on this.

Senator McCLURE. You have no carrot and no stick.

Ms. FITZPATRICK. That's true. We have no stick, I should say.

Senator McCLURE. Not much of a stick, do you?

Ms. FITZPATRICK. Not much of a stick, no.

Senator McCLURE. And no carrot; and no cooperation.

Ms. FITZPATRICK. We have a great deal of cooperation, Mr. Chairman.

Senator McCLURE. All right.

Senator Leahy.

WEATHERIZATION ASSISTANCE PROGRAM

Senator LEAHY. Thank you, Mr. Chairman.

Ms. Fitzpatrick, I saw in your prepared remarks that you submitted that in cold climates low-income families spend 30 to 40 percent of their income on energy as compared with middle-income families who spend 7 to 10 percent. Vermont is probably one of those I think of as having a cold climate. This winter, one week while I was there, it never got above 35 below zero, a wind chill factor of 50 to 55 on some days. In fact one day, because it had gone 35 below zero perhaps for 4 or 5 days and then warmed up a little bit and we had a foot of snow, they actually opened schools a half hour late. It was that bad. [Laughter.]

Unlike the District of Columbia where somebody once said the snow removal is defined as 5 days of sunshine.

So we spend a lot of money on energy costs in Vermont, and I think the poor are especially hard hit. It has been a principal rationale behind the existence of the Department's Low-Income Weatherization Assistance Program. Not speaking of Vermont now, but just nationwide, how many homes have you weatherized to date?

Ms. FITZPATRICK. To date we have weatherized about 1.3 million homes.

Senator LEAHY. How many dwellings throughout the country are eligible for weatherization assistance?

Ms. FITZPATRICK. Something over 12 million; I think the figure is about 12.3 million.

Senator LEAHY. So around 10 percent or a little bit less than 10 percent have been weatherized.

Ms. FITZPATRICK. That is correct, Senator.

Senator LEAHY. The fiscal year 1986 proposes a 20-percent reduction in the Weatherization Program and a planned phaseout over the next 5 years. Is this something like my predecessor Senator Aiken said about Vietnam, declare victory and withdraw? Is that what you are doing now, declaring victory and withdrawing?

Ms. FITZPATRICK. No, Senator. What we are pointing out to the States is that we are a long, long way from victory and at the rate we are going with basically Federal resources being put into it we are not going to get there in our lifetimes. We find that unacceptable. So what we are doing is telling the States that they ought to be looking for more resources, non-Federal resources, to apply to this problem, and we are finding that they are responding; we are finding across the country that already utility companies, civic organizations, even contractor groups and labor unions are getting together and working on low-income weatherization.

Senator LEAHY. You say at the rate we are going would we do it in our lifetime. I'll turn 45 next week. Everybody in my family lives to be about 90. So that gives me another 45 years to go. Do you think in my lifetime under a program where the Federal Government has withdrawn we are ever going to see this done? I'm all for the JC's and various civic groups, the Boy Scouts, the labor unions and others jumping in and helping, and that has been done in our State too. Do you really see that happening? Hope springs eternal, but do you really see it happening?

Ms. FITZPATRICK. I do, Senator Leahy, because we have found, in the last year or two even, that there are large resources that are beginning to be put into this and we think that Federal leadership can really accelerate that process. For example, in California four of the major utilities are putting about $50 million a year into low-income weatherization; in Wisconsin they have passed a State law which now requires the utilities to put some percentage of their income into weatherization; they will be putting about $5 million in this year. That kind of thing, both voluntary and some regulatory, is going on in a number of places now.

We will be happy to provide you with some of the examples that we found.

[The information follows:]

EXAMPLES OF ALTERNATIVE FINANCING AND BUSINESS DEVELOPMENT STRATEGIES BEING IMPLEMENTED BY STATES

While we are aware that there is a significant amount of economic development activity taking place at the local community action agency level, no summary is currently available of the kinds of alternative financing/business development activities taking place at the State or local level. Some examples of these kinds of activities are as follows.

The Oklahoma Department of Economic and Community Affairs, Division of Community Services, which implements the Weatherization Assistance Program in Oklahoma, is establishing a Business Development Demonstration Program with community services block grant funds. One hundred thousand dollars is being made available for grants to fund one or more community action agency [CAA] sponsored business development projects.

The State of New Jersey, Department of Energy, has established a full time shared savings task force designed to assist county, State, and municipal entities, institutions, and State businesses when assistance is requested in securing the services of energy service/shared savings companies.

Augusta College, Georgia, issued an RFP to obtain a computer energy management system under a shared savings approach. The school will pay 50 percent of the purchase price upon acceptance and the remainder of the system's cost must come from energy savings under a formula provided in the RFP.

As a result of a Wisconsin law, Wisconsin public utilities contribute a percentage of profits to low-income weatherization. About $5 million was contributed to the program in 1984.

In California, Pacific Gas and Electric, San Diego Gas and Electric, Southern California Gas, and Southern California Edison are contributing a total of $43 million in 1984, $49 million in 1985, and a projected $53 million in 1986 for low-income weatherization. In addition, PG&E and SoCal Gas operate training centers to train low-income weatherization workers.

In Portland, ME, a public/private partnership of nine organizations (two utilities, the State oil dealers association, a neighborhood organization, the city government, and three State agencies) is implementing a pilot program called weatherize Portland, a One-Stop Residential Energy Conservation Program combining energy audits, installation of low-cost conservation measures, assistance in arranging for contractors and availability of financing for recommended measures. The pilot program, implemented this winter, will target 2,500 homes. Based on experience gained during the pilot phase, the program will be implemented citywide next winter.

In California, Colorado, and Washington the sheet metal workers labor unions are providing training for their members, and offering a certification program for participating contractors in the installation of energy conservation measures. The union and the contractors jointly sponsor a program of verification of energy audits and are arranging third party financing to fund energy conservation projects in institutional buildings.

In Michigan, three utilities implemented an Attic Insulation Outreach Program for low-income families which operated for 2 years. Total utility funding was approximately $6 million.

In Rhode Island, the State is leveraging its EES funds in several ways. The State is using a portion of the EES PVE funds to contract with an energy service company [ESCo] to do a retrofit demonstration of five State-owned office buildings which will result in considerable savings through reduced utility costs over a 10-year period. The results of this demonstration will be made available to all public agencies in the State was well as to other States and the private sector to illustrate what can be done through the shared savings concept.

Rhode Island is also working with and encouraging local communities to utilize a third party financing approach to upgrade their facilities without having to make costly capital investments. Several communities plan to hire ESCo's to improve the energy efficiency of their buildings.

In addition to these State activities DOE/SLAP is involved in the following activities.

Our Weatherization Assistance Program is working with three States to demonstrate the applicability of innovative/alternative financing concepts to finance energy conservation activities in the privately owned, low-income, multifamily housing sector. In Minnesota the State is implementing a demonstration project in a multifamily building, assisting the landlord to acquire the services of an energy service company and monitoring project activities. New York State is working with a local program operator to develop a business plan to establish an ESCo. In Pennsylvania, the local weatherization agency, with assistance from the State and a bank, is preparing a loan interest reduction plan for an eligible landlord to obtain a weatherization loan. Case studies in the form of how to's—of these projects will be prepared, to assist others interested in undertaking similar activities to identify incentives and barriers encountered.

DOE's Institutional Conservation Program [ICP] is implementing two projects. The first is a project with the urban consortium to demonstrate the feasibility of using energy service companies to finance energy conservation activities at three selected sites. The second is cooperative projects with three States to work with ICP grant applicants who did not rank highly enough to qualify for funding under the program, but who might be able to work together to attract private capital investment through shared savings or a similar mechanism: New York is working with private nonprofit schools; Florida will work with large public school districts and community colleges; and Minnesota will target its demonstration toward local government buildings and public care institutions.

Both projects will explore the legal, technical, financial, and organizational issues related to the use of energy service companies in institutional and public buildings.

If these activities are successful, it is anticipated that more States, local governments, institutions, and local agencies will become involved.

STATE-BY-STATE WEATHERIZATION INFORMATION

Senator Leahy. If you could give for the record a tabulation by State of the units weatherized to date and the remaining eligible units within each State. That's a relatively easy number to get, isn't it?

Ms. Fitzpatrick. Yes, sir; we would be happy to do that.

[The information follows:]

STATE-BY-STATE INFORMATION: NUMBER OF UNITS ELIGIBLE FOR WEATHERIZATION AND NUMBER OF UNITS WEATHERIZED

	Units eligible for weatherization[1]	Units weatherized to date
Alabama	321,960	20,945
Alaska	20,020	4,994
Arizona	145,180	7,355
Arkansas	207,520	24,379
California	1,107,000	42,036
Colorado	132,320	23,290
Connecticut	115,100	15,915
Delaware	29,140	3,305
District of Columbia	44,680	4,750
Florida	624,940	6,829
Georgia	385,680	19,508
Hawaii	43,300	5,985
Idaho	53,600	14,955
Illinois	544,720	53,683
Indiana	251,880	49,317
Iowa	146,640	35,379
Kansas	123,420	20,432
Kentucky	278,780	37,681
Louisiana	319,380	9,549
Maine	70,160	21,780
Maryland	171,940	23,098
Massachusetts	275,300	27,265
Michigan	437,440	71,993
Minnesota	192,960	99,825
Mississippi	235,700	13,270
Missouri	302,740	59,971
Montana	47,340	17,401
Nebraska	86,040	20,205
Nevada	33,680	5,078
New Hampshire	38,600	10,459
New Jersey	311,660	26,724
New Mexico	90,540	16,018
New York	1,069,600	104,756
North Carolina	396,700	22,712
North Dakota	36,900	18,781
Ohio	532,060	64,699
Oklahoma	215,860	16,841
Oregon	134,660	17,441
Pennsylvania	602,960	118,604
Rhode Island	52,660	10,271
South Carolina	211,620	12,277
South Dakota	50,800	12,343
Tennessee	343,920	30,639
Texas	858,120	33,001
Utah	57,800	13,355
Vermont	28,420	8,686
Virginia	273,040	27,595
Washington	200,680	22,990
West Virginia	135,160	22,113
Wisconsin	204,820	35,343
Wyoming	18,480	4,652
Total	12,613,620	1,410,473

[1] Source: Households by State under 125 percent poverty. "Department of Health and Human Services LIHEAP Statistical Compendium: Estimates of Low-Income Households as of April 1980," April 23, 1984. These figures do not have a direct relationship to funding allocations because climate is another significant factor which is weighted heavily in the allocation formula.

USE OF OVERCHARGE FUNDS

Senator LEAHY. Being half Irish I am by nature optimistic, but I hope you are not showing just some Irish optimism here.

Ms. FITZPATRICK. I have been accused of slinging the blarney occasionally, Senator.

Senator LEAHY. We are within the octave of St. Patrick's Day.

Ms. FITZPATRICK. We are in the octave, yes, but I will try to give you some facts too.

Senator LEAHY. I am concerned that the budget proposes to fund this program from moneys recovered as a result of petroleum pricing and allocation violations. Congress rejected that last year and probably will reject it again this year. The chairman is in a better position to state what is going to happen on that; this comes under the jurisdiction of his authorizing committee, I believe.

Senator MCCLURE. I don't know that there is any way of forecasting, because, as was pointed out earlier by our witness, there is some difference of attitude toward budgetary problems this year. But I think, as she confessed, the Governors' Association opposed it last year and has to change their mind. So I am not really certain that I know whether there has been enough change to produce a different legislative result.

Senator LEAHY. Thank you, Mr. Chairman.

BUILDINGS AND COMMUNITY SYSTEMS

Senator MCCLURE. Turning now to buildings and community systems, you have proposed a fiscal year 1986 budget of $37,300,000, a 10-percent decrease from the fiscal year 1985 appropriated level.

MANUFACTURED HOUSING RESEARCH

For the first time that I can remember you have requested $100,000 in construction quality research, giving particular attention to Japanese manufactured housing and Swedish panelized housing as they relate to U.S. technology.

Were there recent developments in the Japanese and Swedish manufactured housing industry that led the Department to request research money? Do they know something that we don't?

Ms. FITZPATRICK. Mr. Chairman, we suspect that they do. We also know that they are planning to enter the U.S. market with their products. So we would like to find out what they are doing. We do have some exposure to their materials and techniques through the IEA. We would like to pursue that with a small effort and make what we learn available to the U.S. industry since it appears that they are going to be in direct competition very soon.

Senator MCCLURE. I understand that this is an initial planning request, but could you provide some indication of why this research is so important?

Ms. FITZPATRICK. Yes; we would be happy to do that, and I can give you some more details for the record.

Senator McCLURE. If you would, please.

Ms. FITZPATRICK. Yes.

[The information follows:]

MANUFACTURED AND PANELIZED HOUSING

The Department will be studying Japanese manufactured housing and Swedish panelized housing, as they relate to U.S. technology, to develop the technical basis required by U.S. industry to adapt similar practices to produce more energy conserving housing more efficiently. The Japanese have already developed a commanding presence in the automated housing area by fully automating housing construction in factories using robotics and other state-of-the-art assembly processes. One Japanese company produces 20,000 units per year in this manner, compared to the largest U.S. manufactured production figure of 5,000 units per company. The indications are that the Japanese units are produced more efficiently under much tighter quality control which results in very tight and, therfore, energy conserving housing. The Swedes likewise, have developed similar quality results. On-site quality problems related to weather, labor, and overall management will also be studied.

HOUSING INDUSTRY LONG-RANGE PLAN

Senator McCLURE. Do you have a long-range plan for this activity? Is this a one-shot thing, or is it going to be a continuing item?

Ms. FITZPATRICK. I would think that it would be something we could get over in a rather short time.

Senator McCLURE. Do you anticipate that this research will lead this country to major energy savings in manufactured housing?

Ms. FITZPATRICK. I would think so, Mr. Chairman, because manufactured housing is becoming increasingly popular. It has certain advantages and it is making a bigger impact on the residential marketplace. So if we can find an economical quality form of construction that is also very energy efficient, it would certainly be a benefit to us.

RESIDENTIAL CONSERVATION SERVICE

Senator McCLURE. On January 1, 1985, the utility requirement to disseminate Residential Conservation Service announcements expired. Your request indicates that utility provision of audits will phase down thereafter and there will be little DOE activity connected with RCS after fiscal year 1985.

Do you anticipate that any utilities will voluntarily provide this service?

Ms. FITZPATRICK. I anticipate, Mr. Chairman, that some of them will continue to provide, if not precisely the RCS package of services, something like it that would also encourage their customers to undertake energy conservation improvements in their homes. We would also want to be broader in our approach to the utilities, because they need to be thinking about their nonresidential customers as well, particularly industrial customers, and the ways that they can encourage them and provide them with information and services to help them be more energy efficient.

Senator McCLURE. Could you provide for the record any utility and/or State regulatory practice or statement of policy that would indicate a continuation of this kind of program?

Ms. FITZPATRICK. If we have any. We will check and get that for you, Mr. Chairman.

[The information follows:]

RESIDENTIAL CONSERVATION SERVICE PROGRAM

Through numerous informal contacts with State and utility representatives, DOE believes that most utilities will continue providing RCS-type services to customers due to their proven public relations value. In addition, over 50 percent of the States would be likely to carryout some form of State-sponsored audit program through legislation, regulation or some other form of persuasion. Some of the States which have enacted legislation to mandate conservation programs include California, Connecticut, Florida, Iowa, Kansas, Massachusetts, Minnesota, New York, Oregon, Rhode Island, and Vermont.

UTILITY APPLICATIONS PROGRAM

Senator McCLURE. By adding up the cost of the key activities for RCS in fiscal year 1985 the termination of this program should save about $490,000. Is that correct?

Ms. FITZPATRICK. I believe that is correct, Mr. Chairman, yes.

Senator McCLURE. On page 59 of your justification you are proposing to "initiate a program to encourage voluntary promulgation of conservation programs by utilities through demonstrating benefits of conservation in relation to activities of interest to utilities."

Besides being voluntary, how will this differ from the terminated RCS Program?

Ms. FITZPATRICK. I think that we would try to emphasize to the utilities that their working with their customers for energy conservation is a benefit to the utility itself. In many regions of the country utilities are looking at the necessity of either adding generating capacity or finding ways to help their customers conserve. We would try to take a very broad-based approach to the things that utilities can do for all of their types of customers to help them in that.

Senator McCLURE. Then that is a spinoff from where we are now.

Ms. FITZPATRICK. It is a spinoff and a progression, a broadening, yes.

Senator McCLURE. Then instead of saving $490,000 we are only really saving $90,000, aren't we, since this new program will cost $400,000?

Ms. FITZPATRICK. In fiscal year 1985 that would be correct, yes.

Senator McCLURE. So the earlier statement of $490,000 doesn't include the offset of this substitute or spinoff activity.

Ms. FITZPATRICK. Yes, sir, that's right.

Senator McCLURE. Could you provide for the record a detailed plan for the long-range goals of this program?

Ms. FITZPATRICK. Yes, sir.

Senator McCLURE. If you would please include in that how much private funding you anticipate.

Ms. FITZPATRICK. Yes, sir.

[The information follows:]

UTILITY APPLICATIONS RESEARCH PLANS

The Utility Applications Research Program is a new intiative designed to provide electric and natural gas utilities with technical information on the impacts of building conservation technologies. The Research Program will be designed to provide the type of information needed by utilities to assess more accurately the potential benefits and costs of such technologies to their ratepayers and investors. The program will jointly fund projects with utilities and utility research organizations, as well as other buildings researchers, in order to take full advantage of related research efforts. The program will also serve as a focal point for such technical information and analysis within the Federal Government. The ultimate objective is to give utilities the tools they need to make decisions about conservation technologies and programs that will have long run benefits for their ratepayers and investors, as well as the Nation. Over the coming months we expect to be working closely with utilities, States, and other interested institutions in the development of a research plan.

It is anticipated that the Federal funds spent on such research will be able to be matched or exceeded by funding provided by utilities, manufacturers, or other organizations that are likely to benefit from project results. DOE will attempt to leverage as much non-Federal funding as possible. In fact, a major role DOE expects to paly in this area is to facilitate cooperative efforts between building technology developers, researchers, and utilities.

IEA ASSISTANCE

Senator MCCLURE. Under the Analysis and Technology Transfer Program you are spending $200,000 in fiscal year 1985 to provide assistance to support IEA implementing agreements, transfer results to the U.S. private sector, and arrange U.S. private sector participation in IEA activities. Yet in fiscal year 1986 you have requested only $100,000 to do the same thing.

Has the Department's position changed on IEA assistance?

Ms. FITZPATRICK. No, sir; we are still fully committed to our IEA agreements. We have had some changes in our responsibilities under IEA. For example, one of our office directors has been serving as the chairman of one of the four major research groups and we were providing a certain amount of support service for that. The chairmanship has now rotated to another country and we are able to cut back. That accounts for a large part of the decrease in our request.

Senator MCCLURE. Are they just going to ask for foreign assistance through the Department of State?

Ms. FITZPATRICK. I hope not, sir.

Senator MCCLURE. We'll get another spinoff and no change.

BUILDINGS CENTER

In fiscal year 1985 Congress turned down two Department initiatives in the buildings area. One was a request for $1,512,000 to establish one energy efficient building center. The other was a request for $2 million to establish a Fellowship Program.

This year you have requested $100,000 to design and plan the energy efficient building centers and clearinghouse system and $400,000 for a smaller Fellowship Program.

I understand that the $100,000 is only for design and planning, but I am curious on why you think Congress is willing to fund a program that in the end appears to be an expanded version of a program Congress declined to fund at all last year.

Ms. FITZPATRICK. Mr. Chairman, the $100,000 is for the design of guidelines to help the industry and professional groups make displays, essentially, of what they are doing, the techniques and materials available to make buildings more efficient. We are not trying to design a building, a center, for example, a national center; we have no plans to build a building. We are working with the American Institute of Architecture, the National Association of Home Builders, and other groups to decide how is the best way for them to be working, particularly on a regional or local basis, to have a fairly uniform standard of what information is needed in order to transfer the information that they have and that we are developing in our research programs. So it is not a construction plan in any sense.

Senator MCCLURE. Was it last year?

Ms. FITZPATRICK. I think last year there was some thought to part of that at least going to construction, or at least perhaps retrofitting; not construction of a complete building, but perhaps using an area of an existing building.

Senator MCCLURE. Are you telling me your plan this year is different than the one last year?

Ms. FITZPATRICK. Yes, sir, it is different.

Senator MCCLURE. Would you delineate for the record what it was you were planning to do with this money last year and what you plan to do with this money this year and what is different about it?

Ms. FITZPATRICK. Yes, sir, we will.

Senator MCCLURE. Are there private funds you expect to receive for that program?

Ms. FITZPATRICK. We are working with the organizations I mentioned to have cost sharing in it, yes.

Senator MCCLURE. I assume that since you are working with them you expect to get some money.

Ms. FITZPATRICK. We would certainly hope so, yes.

Senator MCCLURE. Is it more than just a hope? And if so, how much do you hope and how much do you hope for?

Ms. FITZPATRICK. Could I supply that for the record?

Senator MCCLURE. Yes; if you would, please.

[The information follows:]

ENERGY EFFICIENT BUILDINGS CENTERS

The fiscal year 1985 request would have allowed the planning and first phase implementation of a clearinghouse and display centers. The fiscal year 1986 request provides only for planning of the system. Private sector firms are expected to participate in this planning, although the degree of cost sharing, if any, is not known at this time. The exact organization and management of the centers will not be known until the plan is complete.

PROGRAM DIRECTION OF BCS

Senator McCLURE. Under program direction last year's appropriated level was $2,895,000 for 71 FTE's. This year you have requested $3,500,000 for 56 FTE's. The only real change I can find to justify the increase is for additional contractor support.

For the record, can you provide the committee a grade distribution for the Building and Community Systems Program and a further explanation on what contractor support is necessary this year that wasn't necessary last year and how much it will cost?

Ms. FITZPATRICK. Yes, Mr. Chairman, we will do that.

[The information follows:]

BUILDINGS AND COMMUNITY SYSTEMS [BCS] PROGRAM DIRECTION

The following table reflects the grade distribution for the BCS Program direction. The fiscal year 1986 congressional request includes $466,000 for contract support versus $0 in fiscal year 1985. These funds will support planning activities including analysis of policy, evaluation of innovative R&D opportunities, and comprehensive multiyear planning efforts.

Grade level:	*No.*
SES	1
15	8
14	15
13	23
12	5
11	3
9	2
8	1
7	4
6	4
5	1
4	4
Total	71

CONSUMER DECISION RESEARCH

Senator McCLURE. On the recommendation of the National Academy of Sciences you are requesting $400,000 to initiate consumer decision research to determine the circumstances under which consumers will be responsive to energy saving technologies, technology transfer programs, and information programs such as audits, labels, and consumer guidelines. The information derived from this initiative will be utilized in the planning and evaluation of building energy research programs.

Hasn't this information already been accumulated somewhere else?

Ms. FITZPATRICK. No, Mr. Chairman; it really hasn't. We are working with organizations that are active in the field. Since we are trying to do more in the way of technolgy transfer, of getting information out, we would like to have some feedback, some understanding of how that information or whether that information is actually useful to people.

Senator McCLURE. Hasn't OTA done a lot of work with respect to technology transfer?

Ms. Fitzpatrick. I'm not aware of it specifically. We will certainly check and see what they have.

Senator McClure. Is there a particular reason you have decided that this information is necessary this year? Are we at a point in some projects where consumer information like this is vital for those projects to be successful?

Ms. Fitzpatrick. Yes; as I said, we are trying to get more information out. We have been working with the FTC, for example, on the Appliance Labeling Program, and we are supposed to be reviewing that. We need to know whether the form and the content of the information that is being distributed is actually useful to people: Is it what they need to know and does it motivate them?

Senator McClure. Are you going to go out and ask an appliance purchaser group, for example, "How did you decide to buy this refrigerator? Did you notice the energy efficiency rating?"? Is that the kind of thing you are talking about doing?

Ms. Fitzpatrick. That would be one kind of inquiry that we would want to make, yes.

[The information follows:]

Consumer Decision Request

The U.S. building sector can produce 30 to 50 percent of its energy needs by more efficient use. The cost of this conservation is usually below that of imported oil or new electric generation capacity. Achieving these savings depends upon consumer decisions to adopt energy-conserving technologies or practices. Despite strong market incentives, where economic paybacks are often within 1 to 2 years, adoption remains quite low. Also, the impacts of Government programs to support conservation and new, more energy-efficient technologies have been much different and much smaller than expected. A better understanding of why and how consumers make energy decisions is necessary to make current programs more effective and to guide researchers so that results will lead to products or practices that meet consumers' decision criteria. The National Aacademy of Sciences in their recent report, "Improving Energy Demand Analysis," made the recommendation that the Federal Government should establish a fund for basic research on decisionmaking relevant to energy efficiency (p. 97).

The Office of Technology Assessment [OTA] reports, "Energy Efficiency of Buildings in Cities" and "Residential Energy Conservation," document the large gap between the technically feasible energy savings and the likely energy savings. They also suggest reasons, mostly economic, why the great potential will not be realized. However, the reports present very little data or analysis of actual decisions. Other studies show that economic factors alone, including capital restraints and risk of payback, do not explain the low rate of adoption or the limited respone of consumers to Government programs. The OTA in the "Residential Energy Conservation" report concludes, "More research on actual household energy use patterns, as well as attitudes and behavior, would improve the policymakers' ability to select successful motivational strategies." (Page 7 of executive summary.)

More detailed, carefully controlled analyses that include the full range of factors affecting consumer decisions would be undertaken. These would focus on specific decision areas such as decisions to buy energy-efficient appliances; purchase energy-efficient buildings; include energy efficiency in the construction of a new building; follow conservation guideliens in building or operating a building; request energy audits; implement audit recommendations; rent energy-efficient buildings; seek energy efficiency information; participate in community energy systems (that is, district heating and cooling); retrofit buildings; purchase energy management services; adjust living comfort levels; and participate in Government incentive programs. This work would be performed by a private firm or firms fully qualified in the areas of market research and consumer motivation. Selection is expected to be made by a competitive solicitation.

Study areas will be selected on the basis of importance to DOE-assigned responsibilities and to the national goal of improving efficiency of energy use in buildings. Rigorous controlled studies would then be carried out. These would include basic, statistically sound surveys, focus group interviews, and controlled field experiments. Full advantage would be taken of the recent studies done in this area and of the recommendations of the current National Academy of Sciences study.

INDUSTRY STEEL INITIATIVE

Senator McClure. Turning now to industrial energy conservation, your fiscal year 1986 request of $35,500,000 represents a 10-percent increase from fiscal year 1985 level of $31,944,000.

In your original request to the Office of Management and Budget you requested funding for what is commonly known as the Keyworth initiative. As you know, this initiative is named after Dr. George Keyworth, science advisor to the President, who along with Howard M. Love, chairman of National Intergroup, developed this proposal. It has been identified as a partial solution to the long-range problems of the domestic steel industry.

The proposal is based on the search for new approaches in steelmaking, casting, product development, and control engineering. Essentially, the idea behind this research is to attempt to leap frog technologies and enable the U.S. steel industry to become more competitive in world markets. Mr. Love envisions this research as a way to lead the steel industry into a situation where they could throw away the blast furnaces, throw away the coke ovens, and develop an entirely new way of making a higher quality, higher yield product, at smaller scales, with greater flexibility and more automation.

The main impetus for this program is through Government sponsorship. A total of $14 million a year for 2 years is suggested and is broken down as follows: $10 million a year from the Department of Energy; $2.5 million a year from the National Bureau of Standards; and $1.5 million a year from the steel industry.

The supporters of this proposed research have set some pretty lofty goals to produce a radical change in the steelmaking process.

Can these goals really be attained on $28 million, or is this actually the beginning of what could become a longer range and more expensive program?

Ms. Fitzpatrick. I think, Mr. Chairman, that they certainly are lofty goals. I am not sure that I can hazard a guess as to whether it can be done for $28 million. I know you are familiar with some of the things that we are already doing in our industrial programs: thin strip casting of steel, which is costing considerably more than $14 million; I think it is $30 million over 3 years.

We also have another project that we are contributing to. We put in about $100,000 this year to a project that is being funded by the American Iron and Steel Institute and the Korf Engineering Co., and I believe the State of Minnesota and one other State, I think Pennsylvania, and that is a direct reduction process for steel of the kind that Dr. Love was talking about, which eliminates the need for blast furnaces and coke ovens. The work on that has been very successful to date. I know that that looks as if it may be a real possibility, and perhaps it can be brought along for considerably less than the kinds of figures they are talking about.

However, there are also a number of other ideas for direct reduction, and there are a number of ideas besides the one that we are pursuing in thin strip casting or what is called the near net forming method.

I think what we need to see, perhaps, is a more detailed research plan that should be developed before we begin to put some numbers against what will be needed.

Senator McClure. You don't have detailed plans as to how this $14 million would be expended?

Ms. Fitzpatrick. I don't believe that we have seen in the Keyworth initiative yet a detailed plan.

Senator McClure. Is there any way to make an estimate? First I asked if $14 million was going to produce this result, and if I understand it, you are not really sure because you are not sure how the money is going to be spent, let alone what it will achieve.

Ms. Fitzpatrick. That's right. Of all the processes that we are already working on and a number of others that I know have been suggested I'm not sure which ones they are talking about pursuing. So I don't know how much it would cost.

Senator McClure. What would happen to the program if Congress decided to give half that much money? Or a quarter?

Ms. Fitzpatrick. I could say very easily I'm sure somebody would spend it for you, Mr. Chairman.

Senator McClure. But if we doubled it, that's still true.

Ms. Fitzpatrick. That's right, Mr. Chairman, and that's why I say that somebody should make some decisions about what the research plan should be before you begin to try to spend money on it.

Senator McClure. Who has the responsibility for developing that plan?

Ms. Fitzpatrick. We have not been asked to do it, and I am not sure who does have the responsibility.

Senator McClure. When you say we, you mean you and your group? Or do you mean DOE?

Ms. Fitzpatrick. DOE, the Office of Conservation.

Senator McClure. Well, DOE is supposed to put up $10 million and it's in your budget.

Ms. Fitzpatrick. No, sir; it's not in the request for our budget?

Senator McClure. It's not in your request?

Ms. Fitzpatrick. No, sir; it's not.

Senator McClure. And you don't know how you would spend it?

Ms. Fitzpatrick. I haven't any plans to spend it.

Senator McClure. And you haven't been asked to come up with an answer as to how you would spend it?

Ms. FITZPATRICK. No, sir.

Senator MCCLURE. I'm asking you to come up with an answer then.

Ms. FITZPATRICK. We would be happy to look at it, sir.

Senator MCCLURE. Thank you. I will introduce you to Dr. Keyworth.

Ms. FITZPATRICK. That's fine.

[The information follows:]

PROGRAM PLAN FOR THE KEYWORTH STEEL INDUSTRY INITIATIVE

A draft work plan has been prepared by Argonne National Laboratory, based on deliberations among representatives of the steel industry and DOE's national laboratories. This plan addresses two areas of primary research interest: (1) Direct smelting of domestic raw materials to liquid steel; and (2) near net shape casting of liquid steel. Preliminary milestone schedules and work activities are identified for each. DOE's Office of Conservation (CE) was not involved in preparation of these plans; however, they are the most detailed available at this time.

The fiscal year 1986 budget request for DOE does not include any funds for the Keyworth steel industry initiative. Research on steel industry processes with significant energy conservation potential is, of course, already being supported by the Office of Industrial Programs in CE. The Keyworth initiative has the much broader objective of industrial competitiveness. Prior to commencing research under such a major new initiative, it would be prudent to develop a more detailed plan, establish priorities and identify milestones at which the private sector will continue development of the most promising technologies. Any final plan should assure coordination of research at national laboratories, within industry and at universities. It is essential, for example, that strip casting research being done by industry and CE and new work on near net shape casting be properly integrated.

Such a plan should also provide that some basic research tasks be accomplished by universities or other private sector organizations having a record of accomplishment in desired areas.

THIN STRIP CASTING

Senator MCCLURE. Congress included in the fiscal year 1984 Interior appropriations bill $7 million for first-stage research, development, and demonstration of a process to produce steel by direct strip casting. The managers of the bill directed that DOE request proposals for a pilot plant demonstration of a direct strip casting technology and that a contract award be made no later than May 15, 1984. The managers also stressed that DOE focus on technology with the greatest potential and highest return.

Now that the awards have been made, was a technology selected with a high potential?

Ms. FITZPATRICK. Yes, Mr. Chairman. We received some good proposals on that and we did choose the one that we thought had the most promise of success and have let that contract to a partnership of U.S. Steel and Bethlehem Steel.

Senator MCCLURE. What is your evaluation? Does it have a good chance of success? You said the best of the proposals. That could be a pretty sorry lot or could be the best one of a very good lot.

Ms. FITZPATRICK. Could I ask Mr. Streb to comment on that? He worked directly in that area.

Senator MCCLURE. Surely.

Mr. STREB. The program that was chosen builds on the process which actually has been applied in the aluminum and copper industry, a process called the Hazelett process. There are numerous challenges to take that process to steel, but it was the judgment of the panel that made the evaluation of the proposals that this process probably had the highest probability of success of those that were offered.

Senator MCCLURE. Is there any way of rating that probability of success? A 10-percent chance? a 50–50 chance?

Mr. STREB. I think it is much higher than that. I think there is a very high probability that this process will succeed.

There was a very interesting article in the 33 Magazine which deals with the steel industry that addresses specifically this, in the most recent issue, March 1985.

Senator MCCLURE. I am pleased to have your evaluation, because I was convinced last year after listening to the testimony that we heard and the comments made that indeed there was something that could be made to work here and that the private sector was probably going to do it, but even though the private sector might do it we would accelerate that process by direct investment, and I am hopeful that that judgment will be borne out by the results of the tests.

Let me ask one other question in that regard. I'm not quibbling with you; I just want to understand for sure. I think the terminology you used was that this had the best chance of success, but you didn't relate that to whether or not it had the highest potential payback in terms of efficiency. How do you measure success?

Ms. FITZPATRICK. I think that all of the proposals that were submitted had a high potential payback for efficiency, because if you can achieve a thin strip casting you certainly have saved in the reheating, the necessity to reheat in the hot roll a slab of steel. The question is, in the process for achieving the thin strip, which one is most likely to work. So I would guess, and Mr. Streb might want to correct me, that any one of them had a very high efficiency payback, probably virtually identical for all of them.

Mr. STREB. Let me add to that. The process that was chosen, the Hazelett process that I referred to, will probably be limited to casting strip which is perhaps an inch thick, maybe a bit less than that, which means that a substantial amount of subsequent rerolling will be required. The more advanced processes—and we are supporting a second contract—would enable casting directly to a much thinner initial section, which means that there is less additional work required.

The tradeoff is one of lower risk but probably also lower energy savings against a higher risk, slightly higher energy savings process.

Senator MCCLURE. And that array of choices was in the competing proposals?

Mr. STREB. That array of choices was there, but it is also represented in two contracts that we have. We are supporting a major contract which is going forward to a full-scale plant with Bethlehem–U.S. and a second contract which is exploring the riskier but perhaps ultimately better alternative with Westinghouse–ARMCO.

Senator McClure. Was there any evidence or more than just speculation that among the technologies there was greater or less probability that the private sector would do it without the Government's assistance?

Mr. Streb. I really do think in this case we have stimulated the steel industry to move much more aggressively than they would have otherwise moved.

Senator McClure. I guess what I am really getting at in this instance is, you've chosen a technology that had less risk, which is also probably the one that the private sector would be more likely to go to, choosing that instead of going to one with higher risk but greater promise, and also the one which would be less likely then to be supported by the private sector without Government intervention. Would that be a fair statement?

Mr. Streb. Perhaps that is true, sir. But I would once again refer to this article that I referenced before. The president of the Hazelett Corp., I think it is called, the company that builds that equipment, made the statement in the article that the process would have never gotten off the ground were it not for the Department of Energy initiative. I will submit additional details on the selection of the contractor for the record.

[The information follows:]

Selection of Contractors for Thin Strip Casting Research

The conference report accompanying the fiscal year 1984 Interior and Related Agencies Appropriations Act directed the Department to request proposals in January 1984 for a pilot plant demonstration of direct strip casting technology which was estimated to cost $30 million. The report also directed the Department to use another $1 million to continue a more modest Research Program in direct strip casting with at least one of the four participants in the phase I study which was then underway or with some other interested participants that might apply for phase II funding.

DOE's solicitation for proposals, to conduct a Research, Development and Pilot Scale Demonstration Program, was issued on December 15, 1983. The following criteria were established for evaluation of proposals:

1. Technical criteria
    a. Proposer's capabilities
        (1) Key personnel experience and qualifications
        (2) Availability of equipment and facilities
        (3) Capabilities and experience of participating organizations in related research.
    b. Soundness of technical approach
        (1) Completeness and vigor of RD&D technical plan
        (2) Understanding of critical technical problems
        (3) Quality and completeness of criteria for selection of final casting process
        (4) Extent to which proposed RD&D would cover a broad range of steel production
    c. Program management plan and organization
        (1) Completeness of management plan
        (2) Adequacy of detailed program schedule
        (3) Plan for technology transfer

2. Business criteria
   a. Cost sharing
   b. Repayment plan
   c. Project financial plan
   d. Organization information
3. Cost considerations

Three proposals were received, each representing a different technological approach to strip casting. Using the criteria above, the Source Evaluation Board developed its recommendations on the relative merits of the proposals. In May, the source selection official, the Under Secretary of DOE, directed negotiations with a joint research partnership headed by U.S. Steel and Bethlehem Steel. A contract was signed on September 27, 1984. The objective is to develop a new technology to produce the total range of both hot- and cold-rolled sheet steels with major energy savings. Capital cost savings of $35 per annual ton of capacity and operating cost savings of $45 per ton are projected for thin section casting, compared to existing slab casting technology. The approach is to cast then steel sections of 1 to one-half inch thickness using twin moving-mold casters. These thin sections will then be hot rolled to about 0.1 inch thickness. The resulting steel hot band could be either commercially applied or subsequently cold rolled and heat treated to meet performance specifications.

The technical risks and high cost associated with scaling up the technology have dissuaded industry from expeditiously pursuing this program. The critical technical problem to be solved is development of a system to feed liquid steel into the thin mold gap of the moving mold casting machine so as to achieve required surface quality.

In accordance with the report language, a second solicitation was made for R&D on an alternative approach. This competition resulted in a contract with Westinghouse Electric Corp. and Armco, Inc., to experimentally verify the feasibility of direct thin strip casting using the technique of planar flow casting. This program will include the design and construction of a new experimental casting facility for the necessary practical evaluation. Design and construction of a 7-foot diameter casting wheel and cooling assembly will be performed by Westinghouse, while the melting, melt transfer, and strip run-out design and construction will be performed by Armco. Installation will be at the Armco Middletown Works site. This facility will then be used to conduct a definitive casting parametric study and provide material for metallurgical evaluation. Finally, a determination will be made of the process potential for scaleup to pilot plant size with acceptable technical and economic risk. At the present time, the very high risk associated with this technology does not warrant funding a scaleup to pilot plant operation.

MULTISECTOR PROGRAM

Senator McCLURE. For multisector you have proposed a fiscal year 1986 budget of $26,700,000, an 11-percent increase over last year's level. The increase comes primarily from catalysis and biocatalysis, that is, $1,285,900, and materials, $1,168,000.

During fiscal year 1985 in the ECUT Innovation Program you conducted one solicitation for $576,000 for novel energy conversion concepts.

Has that solicitation been completed?

Ms. FITZPATRICK. The RFP is out on that, Mr. Chairman, and the answers are due, I believe, at the end of this month.

Senator McCLURE. Do you still hope to accomplish everything that you had set out to accomplish?

Ms. FITZPATRICK. Yes; we hope to. Of course, that will depend on how the proposals come back.

Senator McCLURE. When did you say that you expected that to be back in?

Ms. FITZPATRICK. At the end of this month.

Senator MCCLURE. Do you expect to move to completion of that proposal?

Ms. FITZPATRICK. Yes; we would, sir.

ADDITIONAL COMMITTEE QUESTION

Senator MCCLURE. Thank you very much for your testimony this afternoon, Ms. Fitzpatrick. The subcommittee may have further questions which will be submitted to you in writing for response to the record.

I will ask that if members have questions they have them submitted by the close of business on tomorrow, and if you would get those responses back as quickly as possible we would appreciate it.

Ms. FITZPATRICK. Thank you, Mr. Chairman.

Senator MCCLURE. Thank you.

[The following question was not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTION

WEATHERIZATION ASSISTANCE PROGRAM

Question. Would you agree that agencies who do not get a program opportunity grant will have demonstrated that they do not know how to properly deal with a Weatherization Program without Federal funds and, therefore, Federal funds must continue if weatherization is to remain an energy conservation goal?

If this is true, aren't we establishing a program that gives States the incentive not to compete for a grant because the more grants it gets the less likely it is to get Federal funds down the road?

Answer. No; on the contrary. Federal weatherization funding to a State will not depend on whether that State receives a program opportunity grant. Given the anticipated phasedown in funding, DOE is attempting to create ways to stimulate the local agencies to carry on with energy conservation activities with or without Federal funding. DOE still intends to continue its charge of administering and implementing the Weatherization Assistance Program [WAP]. This special program opportunity grant project does not diminish our activities to otherwise carry out or respond to the existing WAP Program.

These program opportunity grants are not anticipated to be on-going. Rather, they are planned as demonstration activities which will not affect a State or local agency's ability to receive WAP funding. Successful lessons learned will be shared with all program operators to be a basis for potential program enhancement by the States.

DOE believes that such activities will complement our present program and both leverage other funding sources and stimulate more energy conservation work. DOE believes that these activities encourage local agencies to develop self-sustaining programs.

SUBCOMMITTEE RECESS

Senator MCCLURE. The subcommittee will stand in recess until 2 p.m., Tuesday, March 26, 1985, when we will review the fiscal year 1986 budget request for the U.S. Geological Survey.

[Whereupon, at 3:15 p.m., Thursday, March 21, the subcommittee was recessed, to reconvene at 2 p.m., Tuesday, March 26.]

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